

# Remuneration Policy for Directors of Viscofan, S.A.

(Text approved by the Board of Directors on 28 February 2023 and by the General Shareholders' Meeting of 27 April 2023)

(This is a free translation of the original Spanish document. In the event of any discrepancy between this translation and the original Spanish document, the original Spanish version shall prevail.)



## Introduction

This document outlines the remuneration policy for the directors of Viscofan, S.A. (hereinafter, “Viscofan” or the “Company”) to be submitted for the approval of the General Shareholders' Meeting of 2023 as a separate item on the agenda (hereinafter, the “Policy” or the “Remuneration Policy”) to replace the present Remuneration Policy for directors approved by the General Shareholders' Meeting of 23 April 2021. Once approved, the policy will come into effect on 1 January 2024 and remain in force until 31 December 2026.

The Policy, along with the date and outcome of the vote, will be freely accessible on the Viscofan website from the date of its approval and, at least, for as long it remains in force.

The Policy contains the following sections:

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# 1. Principles and practices

The combination of talent and commitment of the members of the Board of Directors is one of the pillars of Viscofan's corporate governance and, to this end, the Remuneration Policy is determined to attract, retain and engage the best professionals and thus sustainably achieve the Company's objectives. In addition, the economic environment, the Company's profits and strategy, legal requirements and recommendations on good corporate governance are taken into account.

The general principles underlying the Remuneration Policy are as follows:

## ALIGNMENT WITH THE INTERESTS OF STAKEHOLDERS

The design of the Remuneration Policy is reviewed periodically to ensure alignment between the achievement of results and the creation of shareholder value.

Variable remuneration also depends on the attainment of environmental, social or governance (ESG) objectives linked to the sustainability strategy.

Decisions on executive directors' remuneration are made taking into account the interests of employees as a whole and other stakeholders.

Specifically, although this Policy is a continuation of the existing policy, it introduces some adjustments that adapt the remuneration structure to both the performance and improvement of the corporate governance, the Beyond25 strategy and the 2022-2025 Sustainability Action Plan of the Viscofan Group (hereinafter, the "Group").

## OBJECTIVENESS

Decisions on the design of the Remuneration Policy take into account remuneration practices in comparable companies, which are selected on the basis of a set of objective criteria.

## PROPORTIONALITY

The remuneration levels are appropriate to the importance of the Group, its economic situation at all times and the market standards in comparable companies.

## SUITABILITY

The Remuneration Policy is adapted to the composition of the Board and its governance model, the amounts are sufficient to reward their qualification, dedication and responsibility, guaranteeing due loyalty and connection with the Company, but without compromising the independence of its members.

## TRANSPARENCY

Detail per item, assignment criteria and individual breakdown is published in the annual directors' remuneration report and submitted to an advisory vote of the General Shareholders' Meeting.

The Remuneration Policy has robust governance processes that reinforce the principles described above, including the following:

## WHAT WE DO

- **Reasonable balance between the different components:** balance between fixed (annual) and variable (annual and long-term, solely for executive directors) remuneration that reflects a suitable assumption of risks combined with the achievement of defined short and long-term objectives, linked to the creation of sustainable value.
- **Consideration of multiple metrics:** The remuneration takes into account parameters based on the achievement of Group objectives, including financial and operating objectives aligned with the strategy and non-financial strategic objectives, as well as personal performance.
- **Long-term incentive mainly in shares linked to a multi-year target measurement period:** the majority of the long-term incentive is granted in Company shares which vest after a minimum measurement period of three years has elapsed. The received shares cannot be disposed of until three years (hereinafter, the "Holding Period") have elapsed following their delivery unless beneficiaries directly or indirectly hold a number of shares equivalent to twice their annual fixed remuneration.
- **Ongoing share ownership:** executive directors must hold a number of Company shares equivalent in value to twice their annual fixed remuneration.
- **Indemnity in the event of contract termination and non-compete commitment:** limited to two annuities of the annual fixed remuneration.
- **Proportionality and risk management:** provisions are included to mitigate inappropriate risk-taking, including limits on maximum remuneration, clawback clauses, multiple metrics and board and management processes to identify risks.
- **Robust shareholder engagement processes on remuneration and governance.**
- **Clawback clause.**
- **Regular external advice.**

## WHAT WE DO NOT DO

- **There** are no contracts with **guaranteed salary increases** or variable remuneration not tied to pre-defined objectives and performance.
- Executive directors **do not currently participate in long-term savings schemes** such as pension plans, retirement plans or other pension schemes
- **No** hedging, **pledging**, short selling or **derivative** contracts on the **value of the shares** received are allowed during the Holding Period.
- Non-executive directors do not participate in remuneration formulas or schemes linked to the Company's results or individual performance. They do not participate in long-term savings systems or other social benefit schemes.
- **They are** not granted **any loans, advances or guarantees.**

## 2. Summary of main changes

### I. Review process carried out by the Company

Following the each year's General Shareholders' Meeting, the Appointments, Remuneration and Sustainability Committee (the "ARSC"), carries out a discussion process that takes account of both internal and external factors, notably the following:

#### INTERNAL FACTORS

- The Viscofan Group strategy called Beyond25, which includes sustainability as a strategic mainstay, along with technology, cost and service.
- The 2022-2025 Sustainability Action Plan, which implements and sets specific, transversal objectives and action plans of the sustainability strategic pillar.
- The Group's basic policies, the quality of opportunities and diversity policy, one of whose aims is to foster gender diversity.

#### EXTERNAL FACTORS

- Legal requirements.
- The recommendations received in the shareholder engagement process that Viscofan regularly carries out.
- The economic environment.
- Market practices and national and international recommendations on good corporate governance are taken into account.



Of these factors, the discussion process particularly takes into account the comments, recommendations and suggestions made by shareholders. As part of its commitment to continuously listening to shareholders, engages in constant and transparent dialogue with shareholders to learn their opinion on remuneration policy and to consider any changes that would be appropriate.

In the reflection process, the results of the voting on the Annual Report on Directors' Remuneration obtained in the last two fiscal years and those related to the Remuneration Policy approved on April 23, 2021 (94.9% of the votes in favour at the General Shareholders' Meeting) have also been considered.

In addition, consideration has been given to developments observed in different companies in Spain and Europe with respect to corporate governance structure. In particular, the last few years have seen a significant number of transitions to a model where the roles of chairman and chief executive are separated and the role of chairman is non-executive. This development is in line with the recommendations of institutional investors and conforms appropriately to the Company's orientation and circumstances.

### II. Main changes

In this Policy, Viscofan has decided to adapt the remuneration structure to provide for the necessary elements for the transition in 2024 from the current model of an executive chairmanship to a Board of Directors led by a non-executive Chairman, while appointing a Chief Executive Officer. In this regard, the proposal is as follows:

- Executive directors:
  - Fixed remuneration amounts, target annual variable remuneration and target long-term incentive are established for the Chief Executive, which will correspond to a Chief Executive Officer. In the event that directors other than the Chief Executive Officer perform executive functions, their remuneration, to be commensurate with their level of responsibility and functions, must observe the limits and conditions set out in this Policy for each remuneration item.
- Directors in their capacity as such:
  - A specific fixed remuneration is established for the non-executive Chairman of the Board of Directors. The ARSC proposes this remuneration in view of the following:
    - Any duties assigned to them
    - Specific and addition dedication relating to members of the Board of Directors required by the position.
    - Institutional investors' recommendations as well as general corporate governance recommendations
    - Remuneration levels and practices observed in the Ibex-35 and continuous market companies in Spain.

This remuneration is in addition to any fixed annual remuneration directors may receive in their capacity as such for their membership of the Board.

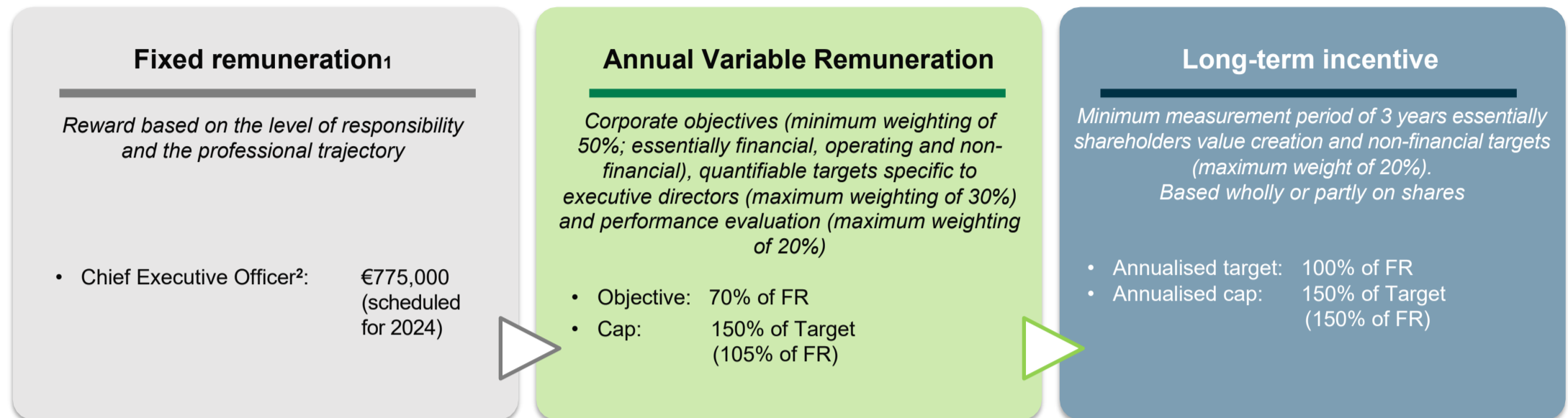
The position of non-executive Chairman of the Board of Directors shall not provide for any additional remuneration and/or compensation in addition to the above.



## 3. Remuneration Policy for executive directors

### I. Remuneration items

The three main remuneration items for performance of executive duties are as follows: (i) fixed remuneration (FR), (ii) annual variable remuneration (AVR), and (iii) long-term incentive plan (LTIP):



<sup>1</sup> In addition, executive directors may be beneficiaries of remuneration in kind. The details are disclosed in section 3.IV. In addition, the executive directors receive fixed remuneration for membership and dedication to the meetings of the Board of Directors. Executive Board members do not receive attendance allowances.

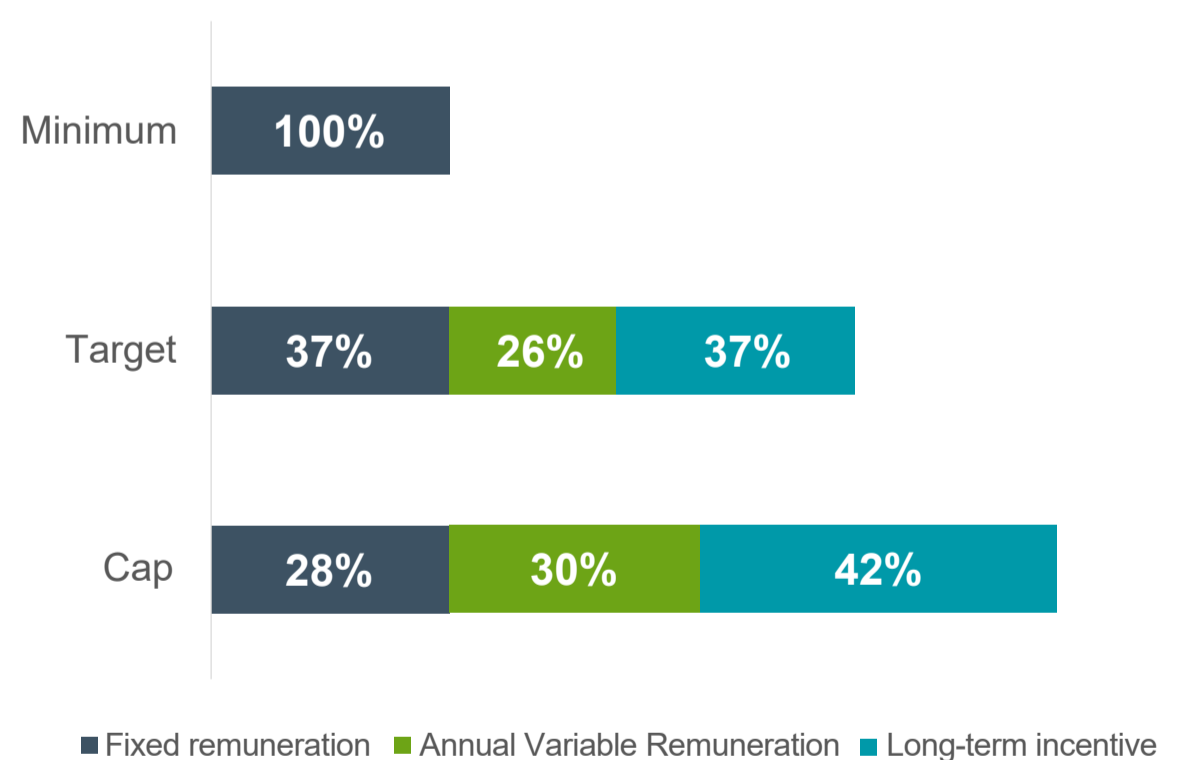
<sup>2</sup> In the event that directors other than the Chief Executive Officer perform executive functions, their remuneration must observe the limits and conditions set out in this Policy for each remuneration item.

### II. Mixed remuneration scenarios

The Remuneration Policy provides a reasonable balance between the different components of fixed (annual) and variable (annual and long-term) remuneration, which reflects a suitable assumption of risks combined with the achievement of defined short- and long-term objectives, linked to the creation of sustainable value.

The chart shows examples of potential future total remuneration for executive directors under the Remuneration Policy. The possible outcomes for executive directors and the assumptions on which they are based are set out below.

Fixed remuneration <sup>1</sup>	All scenarios	
Annual Variable Remuneration	Minimum	No incentive would be paid
	Target	70% of fixed remuneration
	Cap <sup>2</sup>	150% of Target
Long-term incentive <sup>2</sup>	Minimum	No incentive would be paid
	Annualised target	100% of fixed remuneration
	Annualised cap	150% of Target



<sup>1</sup> In addition, executive directors may be beneficiaries of remuneration in kind. The details are disclosed in section 3.IV. In addition, the executive directors receive fixed remuneration for membership and dedication to the meetings of the Board of Directors. Executive Board members do not receive attendance allowances.

<sup>2</sup> The amounts indicated as the value of the long-term incentive use the share price at the start of the target measurement period.



## 3. Remuneration Policy for executive directors (cont.)

### III. Remuneration items for the performance of executive duties

#### Fixed Remuneration

<b>Purpose</b>	Reward based on the level of responsibility and the professional trajectory.
<b>Maximum amount</b>	<p>Chief Executive:</p> <ul style="list-style-type: none"> <li>• <b>€775,000 planned for 2024.</b></li> <li>• <b>€850,000 maximum limit during the term of the Policy.</b></li> </ul> <p>In the event that directors other than the Chief Executive Officer perform executive functions, their remuneration must observe the limits and conditions set out in this Policy for each remuneration item.</p>
<b>Functioning</b>	<p>Annual gross fixed remuneration is paid monthly in cash.</p> <p>This remuneration is established by the Board of Directors at the proposal of the ARSC. It is determined taking into account the content of the executive functions associated with the position. The fixed remuneration paid on the market by comparable companies is also taken into consideration. This analysis will be carried out by an external assessor specialising in remuneration.</p> <p>Fixed remuneration, subject to the aforementioned maximum limit, may be reviewed annually in accordance with the criteria approved from time to time by the CNRS. Such criteria will include the Group's results, the performance of the position and of the individual, its conformity with the performance of the rest of the management team, market references, etc. Details would be explained, where appropriate, in the corresponding Annual Report on Directors' Remuneration.</p>

#### Annual Variable Remuneration

<b>Purpose</b>	Incentivise the achievement of financial, operating and non-financial objectives, all aligned with the Company's strategy, and individual performance.
<b>Amount</b>	<ul style="list-style-type: none"> <li>• Annual Variable Remuneration <b>Target : 70% of fixed remuneration.</b> It will apply in the event of 100% achievement of the pre-established targets.</li> <li>• <b>Maximum Annual Variable Remuneration: 150% of the Annual Variable Remuneration Objective.</b> It will apply in the event of maximum excess achievement of the pre-established targets.</li> </ul>
<b>Functioning</b>	<p>The ARSC is responsible for approving the targets at the start of each financial year, assessing their achievement, once it is completed. The Board of Directors is responsible for both the final approval of the targets for each financial year and, once they have been achieved, the evaluation of their degree of attainment.</p> <p>In order to guarantee that the annual variable remuneration is effectively related to the professional performance of the beneficiaries, when determining the level of compliance with the quantitative objectives, the positive or negative economic effects derived from extraordinary events that could introduce distortions in the results of the evaluation are eliminated.</p> <p>The achievement scale, set at the beginning of each fiscal year, includes a minimum threshold below which no incentive is paid and an objective level ("<i>target</i>") that corresponds to 100% achievement of the targets. For intermediate levels, it is determined by linear interpolation.</p> <p>In the event that the ARSC determines that the targets set at the beginning of the financial year have been exceeded and that a level of overfulfilment has been achieved, an additional incentive may be paid that will not exceed the maximum incentive indicated.</p> <p>To calculate the amount of annual variable remuneration, the degree of achievement and the weighting of each of the targets – global corporate targets and individual targets of executive directors – will be considered and the internal procedures for the evaluation of targets established by the Company for its managers will be applied. In this evaluation work, the ARSC relies on internal support (i.e. Internal Audit, Corporate Finance Division) and external (audited and audited financial statements and audited non-financial statements, first analysed by the Audit Committee). In accordance with its operating regulations, the ARSC may at any time request the assistance of independent external parties in the process, both for the setting of targets and for the evaluation of their achievement. The ARSC also takes into account any associated risks.</p> <p>The annual variable remuneration is paid in full in cash within 30 days following the date of preparation of the financial statements. As a general rule, it is possible to deliver a portion of the AVR in Company shares.</p>
<b>Metrics</b>	<p>It is linked to the attainment of a combination of economic-financial (e.g. sales, EBITDA, BDI, cash flow, debt ratios), operational (e.g. stock/sales ratio or efficiency ratios) and non-financial targets, which may be <i>ESG</i> (e.g. emission reduction, water management, waste reduction and accident reduction). These targets shall be specific, predetermined and quantifiable, aligned with the company interest and in line with the Viscofan Group's strategy.</p> <p>Corporate objectives have a weight of at least 50% in the incentive as a whole. They consist of metrics that guarantee the appropriate balance between the financial, operational and non-financial aspects of corporate governance, as well as others related to the Company's share value in the year.</p> <p>In turn, the quantifiable objectives specific to executive directors will have a maximum weight of 30%.</p> <p>The weight of the performance evaluation shall not exceed 20%.</p>

## 3. Remuneration Policy for executive directors (cont.)

### III. Remuneration items for the performance of executive duties (cont.)

Long-term incentive	
<b>Purpose</b>	Reward the achievement of the strategic targets of the Viscofan Group in the long-term, the sustainability of the results and the creation of sustainable value for the shareholder
<b>Amount</b>	<ul style="list-style-type: none"> <li>Annualised <b>Objective</b> Incentive <b>Target: 100% of fixed remuneration</b>. It will apply in the event of 100% achievement of the pre-established targets.</li> <li>Annualised <b>Maximum</b> Incentive: <b>150% of the Annualised Target</b> Incentive. It will apply in the event of maximum excess achievement of the pre-established targets.</li> </ul>
<b>Functioning</b>	<p>The period for measuring the targets shall be at least three years.</p> <p>The Plan may be paid in full or in part via the delivery of shares, share options or remuneration rights tied to the value of the shares provided that the targets established for this purpose are met, without prejudice to a portion being deducted or paid in cash in order to fulfil the executive director's tax obligations.</p> <p>The achievement scale, set at the beginning of the Plan, includes a minimum threshold below which no incentive is paid and a maximum level, if the targets have been exceeded. For intermediate levels, it is determined by linear interpolation.</p> <p>The ARSC performs an annual monitoring of the targets, and once the Plan is completed, will determine the degree of achievement. In this evaluation work, the ARSC relies on internal support (i.e. Internal Audit, Corporate Finance Division) and external audited financial statements and assurance non-financial statements, first analysed by the Audit Committee). In accordance with its operating regulations, the ARSC may at any time request the assistance of independent external parties in the process, both for the setting of targets and for the evaluation of their achievement. The ARSC also takes into account any associated risks.</p> <p>When determining the level of compliance with the targets, it eliminates any positive or negative economic effects derived from extraordinary events that could cause distortion in the results of the assessment.</p>
<b>Metrics</b>	<p>Essentially shareholder value creation targets (e.g. share growth or shareholder return), as well as non-financial objectives, which may be <i>ESG</i> objectives (e.g. emissions reduction, water management, waste reduction, accident reduction). Some of the metrics may be measured relatively to a comparison group of comparable companies.</p> <p>The weight of non-financial targets shall be at least 20%.</p>

### IV. Other remuneration elements

The executive Directors can be beneficiaries of certain payments in kind that include, among others, a company vehicle, a premium payment for life insurance and health care policies, policies for disability of which the executive Directors as well as members of the family unit that live with them may be beneficiaries. Such payments shall not exceed 20% of their fixed annual remuneration.

The Remuneration Policy for executive Directors does not contemplate the granting of other benefits, credits, advances and guarantees established by the Company.

### V. Extraordinary remuneration

The Board of Directors, at the proposal of the Committee, may submit to the General Shareholders' Meeting the granting of special incentives to executive directors in the event of extraordinary corporate actions, acquisitions, investments, divestments, restructuring or any other action. In determining the appropriateness of the incentive, the Committee will consider the following criteria:

- Significance, complexity and uniqueness of the corporate action that generates significant added value for the Company's shareholders and/or generates an economic benefit or a significant increase in equity that strengthens Viscofan's sustainability.
- Extraordinary effort on the part of the executive director that is crucial to the successful completion of the corporate action.
- Positive performance of ordinary business. In this regard, the extraordinary incentive will not compensate for reduced or zero payments for underperformance under the regular incentives.
- Assessment of whether the elements of ordinary fixed and variable remuneration already reward significant added value for the Group.
- Market competitiveness of the executive directors' remuneration package.

The amount, form of payment and settlement date of such extraordinary variable remuneration shall be decided by the General Shareholders' Meeting as a separate item on the agenda.

### VI. Provisions of the previous Policy that will continue to apply

The executive directors participate in the Long-Term Incentive Plan for the 2022-2024 period, which was approved by the General Shareholders' Meeting held on 28 April 2022. In 2025, the incentive in cash (30%) and in shares (70%) corresponding to said Plan will be paid, if applicable, in 2025.

The actual delivery of shares - net shares - will be the result of applying the relevant withholding tax to the value of the shares recognised.



### 3. Remuneration Policy for executive directors (cont.)

#### VII. Ex-post control of variable remuneration (clawback)

Taking into account that it is within the jurisdiction of the ARSC, by virtue of the functions established in the Bylaws and the Regulations of the Board of Directors, to propose to the Board of Directors the Remuneration Policy and the individual remuneration of executive directors, it may request the Board to cancel or refund the payment of the annual variable remuneration and/or long-term incentive of executive directors if the following circumstances occur within the 24 months following the payment of said remuneration:

- Significant fall in consolidated net profit (more than 50%).
- Serious non-compliance by the beneficiary of the internal rules, including, in particular, risk-related rules.
- Material reformulation of the Group's financial statements, when considered by the external auditors, except when it is appropriate according to a modification of the accounting regulations.

In addition, the ARSC may propose to the Board of Directors that adjustments be made to the items, criteria, thresholds and limits of the variable or annual remuneration or long-term incentive in exceptional circumstances due to extraordinary internal or external factors or events. The detail and justification of these adjustments will be included in the corresponding Annual Report on Directors' Remuneration.

#### VIII. Minimum ongoing ownership requirement

The executive Directors must keep hold of, while maintaining their status as such, a number of shares equivalent to two annuities of gross fixed remuneration.

To achieve this objective, a period of four years is established, calculated from the date of appointment of new executive Directors.

Should this limit not be reached, the net shares which are received deriving from any items of variable remuneration will be subject to a retention period of at least three years.

Shares in the portfolio will be valued periodically.



#### IX. Executive Directors contract conditions

The contracts that currently regulate the performance of the functions and responsibilities of executive Directors are of a commercial nature and include the clauses that in practice are usually included in this type of contract. These contracts have been proposed by the ARSC and approved by the Company's Board of Directors.

The main indemnity, exclusivity and non-competition clauses of the executive Directors' contracts are summarised below:

- **Duration:** Indefinite.
- **Notice** of 6 months for voluntary termination (reciprocal). In case of failure to observe the notice period, the compensation shall be payment of the remuneration corresponding to the unfulfilled notice period. The amount which, where applicable, the Company pays for the breach of the contractually established notification period, will be discounted from the applicable compensation in the event of termination of the contractual relationship.
- **Indemnity in the event of termination of the contractual relationship and non-compete commitment:** The indemnity in the event of termination of the contractual relationship will be equivalent to two annuities of the fixed remuneration at the date of such termination. Included within this amount is any compensation for the two-year non-compete commitment and the prior notice the Company has paid.

In case of non-compliance with the non-compete commitment the executive Director must return the received compensation and pay three times its amount in damages.

There will be no compensation if the dismissal is the result of gross misconduct, wilful misconduct or culpable conduct of the executive director in the performance of duties.

In addition, in case of termination of the relationship in the following scenarios, the director will be entitled to receive compensation of two annuities of fixed remuneration:

- (i) Substantial modification of the conditions of provision services that rebound notoriously to the detriment of the executive director.
  - (ii) Substantial modification in the conditions of provision of services of the executive director as a result of a significant change equal to or greater than 30% in ownership of the Company that has the effect of renewing the governing bodies of the Company or in the content and approach of its main activity, provided that the termination occurs within three months after the production of such changes.
- **Confidentiality:** The Regulations of the Board of Directors establish that the Directors shall 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 of Directors in a plenary session.



## 4. Remuneration Policy for directors in their capacity as such

The specific principles for establishing the remuneration of Directors in their capacity as such are as follows:

- Relationship with effective dedication;
- Association with the responsibility and development of their duties as Directors.
- Absence of variable components of their remuneration in the interest of their full independence.
- Incentive character without the amount conditioning their independence.

Without prejudice to the remuneration they may receive for their executive duties, in accordance with the Bylaws, the annual amount of the remuneration to Directors in their capacity as such, for all the items, will not exceed the limit of 1.5% of the annual consolidated cash profit before taxes. The previous remuneration is, in any case, the maximum amount, corresponding to the Board itself, the proposed distribution of its amount between the directors.

The table below provides a breakdown of the elements of the Remuneration Policy for directors in their capacity as such, as well as the new features introduced.

These amounts shall remain fixed until the Board of Directors decides to amend them, which shall be reported in the Annual Report on Directors' Remuneration to be submitted annually to the General Shareholders' Meeting for consideration.

No provision is made for the granting of loans, advances or guarantees by the Company to the members of the Board of Directors.

The participation of non-executive Directors in social security systems is not established either, despite the fact that this possibility is included in the Bylaws, or compensation for their supervisory and collegiate decision-making functions in relation to the termination of their relationship with the Company due to their status as Directors, or granting additional remuneration other than that included above.

The Company may contract civil responsibility insurance for the Group's directors.

Concept		Purpose	Annual amount	Comments
Fixed remuneration for the Chairman of the Board.	As Executive Chairman		€160,000.	This remuneration is incompatible with fixed annual remuneration directors may receive in their capacity as such for their membership of the Board.
	As non-executive Chairman	Appropriately remunerate the dedication the position requires, the level of responsibility, skills and experience required to perform the role.	€575,000.	This remuneration is in addition to any fixed annual remuneration directors may receive in their capacity as such for their membership of the Board.  The position of non-executive Chairman of the Board of Directors shall not provide for any additional remuneration and/or compensation in addition to the above.
Fixed remuneration for membership on the Board		Appropriately remunerate the responsibility and dedication required by the position, but without reaching levels that compromise the independence of the Director.	€80,000 per Director.	
Fixed remuneration of the Lead Director		Appropriately remunerate an additional regular function.	€25,000.	
Attendance fees for Board of Directors meetings		Remuneration for personal and effective attendance at the meetings of the Board of Directors.  Encourage attendance in person at meetings.	€3,000 for each meeting and director for in-person attendance at meetings.  €1,000 per meeting and director in the event of attendance via remote means of meetings (not applicable in the event of mobility restrictions preventing attendance in person).	Executive directors will not receive any amount for attendance.  In the event that the deputy chairman chairs the meeting of the Board in the substitution of the Chairman (due to illness), he/she will receive two times the attendance fee (€6,000 instead of €3,000).
Fixed remuneration for belonging to the Committees of the Board of Directors.		Remuneration for dedication and attendance at the meetings of the Audit Committee and the Appointments, Remuneration and Sustainability Committee.	Audit Committee: €30,000.  Appointments, Remuneration and Sustainability Committee: €25,000.	The Chairmen of both Committees have a specific remuneration and, accordingly, do not receive this allocation.
Fixed remuneration for the chairmanship of the Committees of the Board of Directors:		Appropriately remunerate the additional dedication of the Chairmen of the Audit Committee and the Appointments, Remuneration and Sustainability Committee.	Audit Committee: €45,000.  Appointments, Remuneration and Sustainability Committee: €37,500.	

## 5. Remuneration policy applicable to new directors

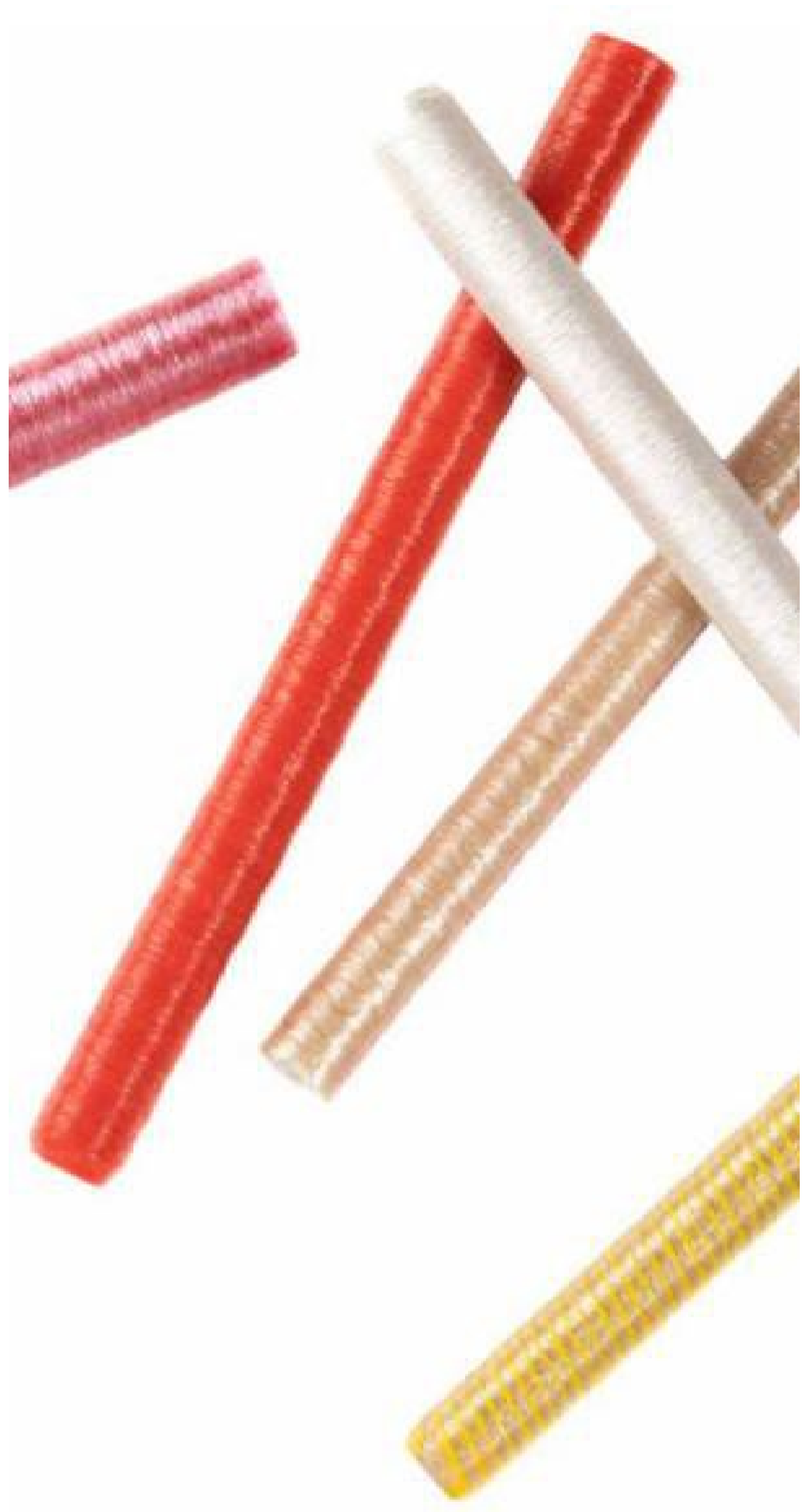
The remuneration system described in section 3 above for executive directors will be applicable to any director who may join the Board of Directors during the term of this Policy to perform executive duties. To this end, the ARSC and the Board of Directors shall take into consideration, in particular, the functions attributed, the responsibilities assumed, their professional experience, the market remuneration of that position and any other position they consider appropriate to take into account in order to determine the items and amounts of the remuneration system applicable, as appropriate, to the new executive Director, which shall be duly reflected in the corresponding contract to be signed between the Company and the new executive Director.

Exceptionally, and in order to facilitate the hiring of an external candidate, the ARSC may propose for its decision by the Board of Directors to establish a special incentive to compensate for the loss of incentives not accrued in the previous company due to the cessation and subsequent acceptance of Viscofan's offer.

For internal promotions, the Committee may cancel and/or offset pre-existing incentives and other obligations that may be in effect at the time of appointment.

In the event that the new appointment involves an international assignment, the Company's general international assignment policy will apply. This covers (but is not limited to) allowances for the cost of living, housing, moving, education, tax equalisation and tax advice.

In the event that new non-executive members join the Board of Directors during the term of this Policy, the remuneration system described in section 4 above shall apply.



## 6. Process for determining, reviewing and applying the Policy

The ARSC, whose functions are established in articles 33.2 of the Articles of Association, 16 of the Board of Directors' Regulations and chapter II of the ARSC Regulations, plays a major role in defining the Remuneration Policy and in developing and specifying its items, and the main decisions must be approved by the Board of Directors and by the General Shareholders' Meeting.

The mandate of the ARSC in the area of remuneration is to propose, review and continuously update the remuneration policies for directors and senior management, as well as the individual remuneration and other key terms and conditions of executive directors' contracts.

Without prejudice to the powers granted by the Spanish Corporate Enterprises Act to the General Shareholders' Meeting, the functions performed by the various bodies and divisions of the Company involved in determining and approving the Policy and its conditions are set out below.

In performing the functions described below, the ARSC and the other bodies and divisions of the Company may be assisted by independent external consultants and remuneration experts.

	Determination, review and design of remuneration items	Application of variable remuneration	Analysis of the external competitiveness of remuneration
<b>Board of Directors</b>	<p>Proposes the Remuneration Policy to the General Shareholders' Meeting.</p> <p>It approves, in accordance with the Policy, the system and the amount of the directors' annual remuneration, as well as the individual compensation and the other basic conditions of the contracts of the executive directors, including any compensation that could be set in the event of separation, ensuring it is followed.</p>	<p>It approves the design, target amounts, degree of achievement of objectives and incentive amounts to be paid, if applicable, for both annual and long-term variable remuneration to executive directors, based on the proposal of the ARSC.</p> <p>It approves the Annual Report on Directors' Remuneration.</p> <p>It assesses whether clawback clauses should be applied or adjustments to variable, annual or long-term remuneration in the event of exceptional circumstances due to extraordinary internal or external factors or events.</p>	<p>It is informed of the analyses and remuneration studies of the directors taken into consideration by the ARSC.</p>
<b>Appointments, Remuneration and Sustainability Committee</b>	<p>It proposes to the Board, in accordance with the Policy, the system and amount of directors' annual remuneration as well as their individual remuneration.</p> <p>It proposes to the Board the basic conditions of the contracts of the executive directors, including any compensation that could be set in the event of removal, ensuring it is followed.</p> <p>It informs the Board on general multi-year incentive systems.</p> <p>It informs the Board on remuneration systems referenced to the listed value of the shares or that entail the issuance of shares or option rights over shares, intended for directors, members of senior management and other employees.</p> <p>It verifies the coherence of the remuneration policies with the Company's short, medium and long term situation and strategy and with market conditions, and to assess whether it contributes to the creation of long-term value and to an adequate risk control and management, and informs the Board of Directors of the result of said review.</p> <p>In taking these actions, the ARSC takes account of the vote of shareholders at the General Shareholders' Meeting at which the Annual Report on Directors' Remuneration for the previous year was put to an advisory vote.</p>	<p>It ensures that the Board of Directors is able to approve, prior to its application, the objectives, criteria and metrics of the annual variable remuneration and the long-term incentive, in accordance with the directors' remuneration policy approved by the General Shareholders' Meeting.</p> <p>It ensures that the Board of Directors is in a position to evaluate the attainment of the objectives, criteria and metrics established in the previous financial year, determining the variable remuneration accrued by the executive directors in said financial year. All before the date of publication of the Annual Report on Directors' Remuneration.</p> <p>It ensures compliance with the directors' Remuneration Policy and will annually review its suitability and results, and inform the Board of Directors of the findings of said review. In particular, the Committee will verify that the Remuneration Policy is properly applied and that payments are not made to directors and members of senior management who are not included therein.</p> <p>It verifies that the information published by the Company on its corporate website regarding remuneration is sufficient and adequate and follows the applicable recommendations of good corporate governance.</p> <p>It sends a report to the Board, where appropriate, on whether or not clawback clauses should be applied.</p> <p>It proposes to the Board of Directors the Annual Report on Directors' Remuneration and, when appropriate, the Remuneration Policy.</p>	<p>It conducts a periodic review of directors' remuneration.</p> <p>As part of this process, analyses are carried out of competing external remuneration and the remuneration policy for senior management and other employees of the organisation is also considered.</p> <p>Comparable companies are considered for analyses of competing external remuneration. The remuneration of the directors in their condition as such is essentially compared with IBEX-35 companies of a similar size. The remuneration of the executive directors is comparable to a group of companies from the Packaged Foods &amp; Meats sector and a selection of IBEX-35 and continuous market companies of a comparable size.</p>
<b>Audit Committee</b>		<p>It analyses the results audited by the external and internal auditor, as well as the verifier of the non-financial information statement (NFI), to assess fulfilment of the variable remuneration objectives.</p>	
<b>Corporate Finance Division, Internal Audit</b>		<p>They prepare reports on the degree of achievement of the operating, financial and non-financial objectives based on the results audited by the external and internal auditor, as well as the Company's verifier of the NFI.</p>	
<b>Legal Division and Secretary of the Board</b>	<p>It prepares the formal documentation relating to the Remuneration Policy to be submitted to the General Shareholders' Meeting, the Board of Directors and/or the advisory committees.</p> <p>It prepares the Annual Report on Directors' Remuneration.</p>	<p>It prepares, jointly with the Human Resources Department, the Remuneration Policy for Directors and the Annual Report on Directors' Remuneration.</p>	



## 7. Relationship of Policy with conditions for Company employees

For the purpose of establishing the remuneration conditions for executive directors, as described in this Remuneration Policy, the remuneration strategy applicable to the Group's employees is taken into account by the ARSC.

The contracting policy of the Viscofan Group is based on objectivity, equal opportunities and training, and one of its aims is to favour gender diversity, among other aspects. This implies competitive remuneration, adapted to the capacities and competences of the different profiles required according to the industrial or commercial process, and also according to the realities of the multitude of countries in which Viscofan is present.

In this respect, the Remuneration Policy applicable to executive directors is aligned with that of the staff, where they are remunerated for the value they contribute to Viscofan and share the following principles:

- **Total remuneration:** The remuneration package offered by Viscofan may consist of fixed, short and long term variable components, as well as remuneration in kind and other social benefits. In any case, fixed remuneration has a significant weight insofar as, in certain circumstances, the variable remuneration may be zero. In addition, the amounts and relative weight of the remuneration items are adapted to the local practices of the markets in which the Group operates.
- **Equal pay:** Viscofan's employment environment enables the professional and personal development of all people forming part of the Company, integrating them and allowing them to participate in the company's future regardless of their race, ethnic group, gender, sexual orientation, age, religion or nationality, among others. Accordingly, non-discrimination is guaranteed in the application of remuneration practices and policies. Viscofan staff are remunerated in a manner consistent with the level of responsibility, leadership and performance within the organisation, thus encouraging the retention of key professionals and the attraction of the best talent.
- **Meritocracy and pay according to results:** A significant portion of the total remuneration of the Group's executives is variable and its receipt is tied to the achievement of financial, business and value creation targets that are predetermined, specific, quantifiable and aligned with Viscofan's company interest. In turn, individual targets are also set.
- **Proportionality and risk management:** The remuneration levels are appropriate to the importance of the Group and of the Company, its economic situation at all times and the market standards in comparable companies. In addition, provisions are included to curtail inappropriate risk-taking.
- **Talent:** The Remuneration Policy is designed to attract and retain the best talent.

## 8. Consistency with the Company's strategy, interests and long-term sustainability

The design of the remuneration policy is consistent with the Company's strategy and oriented towards the achievement of long-term results:

- The total remuneration of executive directors is composed of different remuneration items consisting mainly of: (i) fixed remuneration, (ii) annual variable remuneration, and (iii) long-term incentive plan: For executive directors, this long-term element has a weighting of approximately 40% of total remuneration in a standard target scenario.
- Long-term incentive plan is set within a multi-year framework to ensure that the evaluation process is based on long-term performance and takes into account the underlying economic cycle of the Company. This remuneration is awarded and paid mostly in the form of shares on the basis of value creation, so that the interests of the executive directors are aligned with those of the shareholders.
- The metrics established in both the annual variable remuneration and the long-term incentive plan are linked to the achievement of a combination of shareholder value creation and non-financial objectives, which may be ESG. These targets shall be specific, predetermined and quantifiable, aligned with the company interest and in line with the Viscofan Group's strategy. Some examples of metrics are included in sections 3.III and those established for each year can be found in the Annual Report on Directors' Remuneration.

In addition, there is an appropriate balance between fixed and variable components of remuneration. The executive directors have a fully flexible variable remuneration system that allows them not to receive any variable remuneration if the minimum target thresholds are not met. The percentage of short- and long-term variable remuneration may be significant in case of maximum achievement of targets. In any case, this percentage would not exceed 75% of total remuneration (considered for these purposes as fixed remuneration, annual variable remuneration and annualised long-term incentive).

In addition, the Remuneration Policy has the following features to reduce exposure to excessive risks:

- Group senior management has a variable remuneration arrangement which yields greater cohesion to management and discourage certain categories of executives from assuming excessive risks in their respective areas.
- One of the main functions of the Appointments, Remuneration and Sustainability Committee throughout the process is to analyse, select and propose targets and metrics for the variable remuneration of executive directors - as well as senior management. The main characteristics of the objectives are as follows:
  - a) they are reviewed periodically to ensure that they are sufficiently demanding;
  - b) they are measurable and quantifiable, and their weightings and achievement levels are approved by the ARSC at the start of every year (usually in February and are submitted for the approval of the Board of Directors prior to approval and publication of the Annual Report on Directors' Remuneration) for annual variable remuneration, taking into account the economic environment, the strategic plan, historical analyses, the Group's budget and analyst and investor expectations and consensus, among other factors.
  - c) they are monitored by the committee during the measurement period;

## 8. Consistency with the Company's strategy, interests and long-term sustainability (cont.)

- d) at the end of the measurement period, the committee assesses the degree to which they are finally met. In this assessment function, the committee is backed by Internal Audit (which reports functionally to the Audit Committee), Corporate Finance and other departments with responsibilities in this regard, who provide information on the audited results. Both for the establishment of targets and for the evaluation of their achievement, the Committee also considers associated risks. Positive or negative economic effects derived from extraordinary events that could distort the results of the assessment shall be eliminated. The committee will assess to what degree the established targets are met and, taking into account the weightings for each established metric, will determine the amount to be paid to the executive directors, which must then be approved by the Board of Directors. Annual and long-term targets are assessed and variable remuneration is recognised based on audited financial statements, which are analysed at first by the Audit Committee.
- e) under the terms set, the annual and multi-year variable remuneration is limited to 70% and 100% of the executive director's fixed remuneration, respectively, in a scenario in which the targets are met and 105% ad 150% of the fixed remuneration in the event of excess achievement (considering the share price at the date of granting).
- The Policy includes an ex-post control of variable remuneration (*clawback*) in the event of the circumstances described in section 3.VII above.
  - To reinforce the commitment of executive directors to long-term company interests and alignment with shareholder interests, the Policy includes a share ownership commitment described in section 3.VIII above.

## 9. Validity

The Board of Directors, at the proposal of the Appointments, Remuneration and Sustainability Committee, shall submit this new Remuneration Policy for approval by the Ordinary General Meeting of Shareholders of 2023 and, once approved, it shall enter into force on 1 January 2024, thereby rendering null and void the Remuneration Policy currently in force, approved by the General Shareholders' Meeting held on 23 April 2021.

This new Remuneration Policy will remain in force for three financial years (2024, 2025 and 2026), although the Committee may propose for approval a new policy at an earlier date if deemed appropriate.

