Remuneration Policy for the Directors of VISCOFAN, S.A.

(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.)

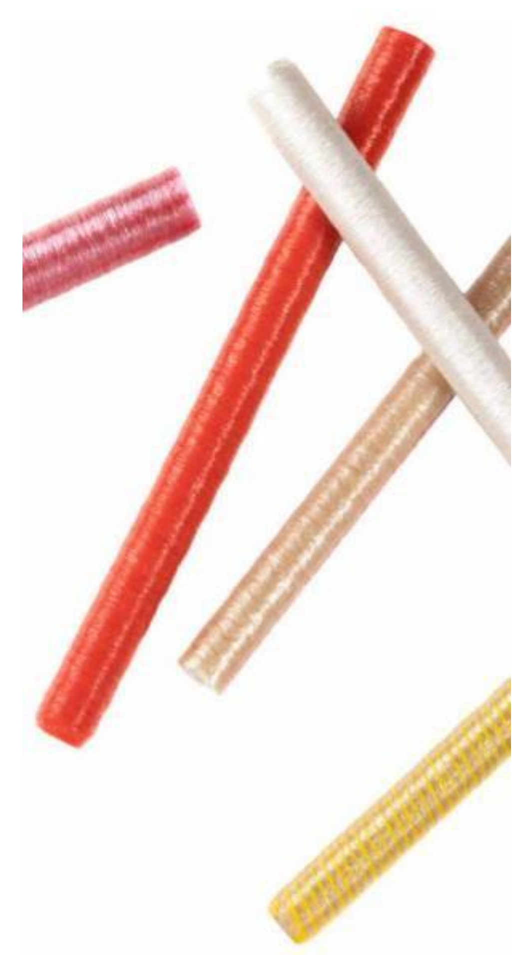
Introduction

This document outlines the new Remuneration policy for the directors of Viscofan, S.A. ("Viscofan", the "Company" or the "Group"). This policy is a continuation of the existing policy, but introduces some adjustments to strengthen alignment with our strategic priorities, investor sentiment and market practice in the sector.

The Board of Directors, and in particular the Appointments, Remuneration and Sustainability Committee, gives thoughtful consideration to shareholders' views on remuneration. Consequently, in order to define the new remuneration policy for Viscofan directors ("Remuneration Policy"), the opinion and information received from shareholders, institutional investors and proxy advisors has been analysed and considered in the periodic consultation process carried out by Viscofan. Furthermore, the Committee has taken into account the provisions of the Code of Corporate Good Governance with respect to remuneration of directors.

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 in 2021 and, once approved, it shall enter into force in financial year 2021, thereby rendering null and void the Remuneration Policy currently in force, approved by the General Shareholders' Meeting held on 25 May 2018. This new Remuneration Policy will remain in force for three financial years (2021, 2022 and 2023), although the Committee may propose for approval a new policy at an earlier date if deemed appropriate.

The Remuneration Policy includes the following sections:



This Policy will be submitted to a binding vote at the General Shareholders' Meeting as a separate item on the agenda.

1. Our principles and practices

The combination of talent and commitment of the members of the Board of Directors is one of the pillars of Viscofan 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.

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 Company, 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, 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 concept, assignment criteria and individual breakdown is published in the annual remuneration report and submitted to the 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) 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**: remuneration takes into account parameters based on the achievement of Group objectives, including financial and operating objectives aligned with the multi-annual strategic plan and annual objectives, and strategic non-financial objectives, as well as personal performance.
- **Long-term share incentive linked to a multi-year target measurement period**: the majority of the long-term incentive is granted in shares which vest after a minimum measurement period of three years has elapsed. The accrued shares cannot be disposed of until three years 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 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***.
- **Support of external advisers**.

WHAT WE DO NOT DO

- **There** are no contracts with **guaranteed salary increases** or variable remuneration not tied to 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 or advances**.

2. 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, and (iii) long-term incentive plan:

Fixed remuneration*

Reward based on the level of responsibility and the professional trajectory

- Chairman: €656,000
- Managing Director: €506,000

Annual Variable Remuneration

Corporate objectives (minimum weighting of 50%), quantifiable targets specific to executive directors (maximum weighting of 30%) and performance evaluation (maximum weighting of 20%)

- Objective: 70% of FR
- Maximum: 150% of Target (105% of FR)

Long-term Incentive Plan

Minimum measurement period of 3 years economic and financial, operational, value creation and non-financial targets (maximum weight of 20%).
Based wholly or partly on shares

- Annualised target: 70% of FR
- Annualised Maximum: 150% of Target (105% of FR)

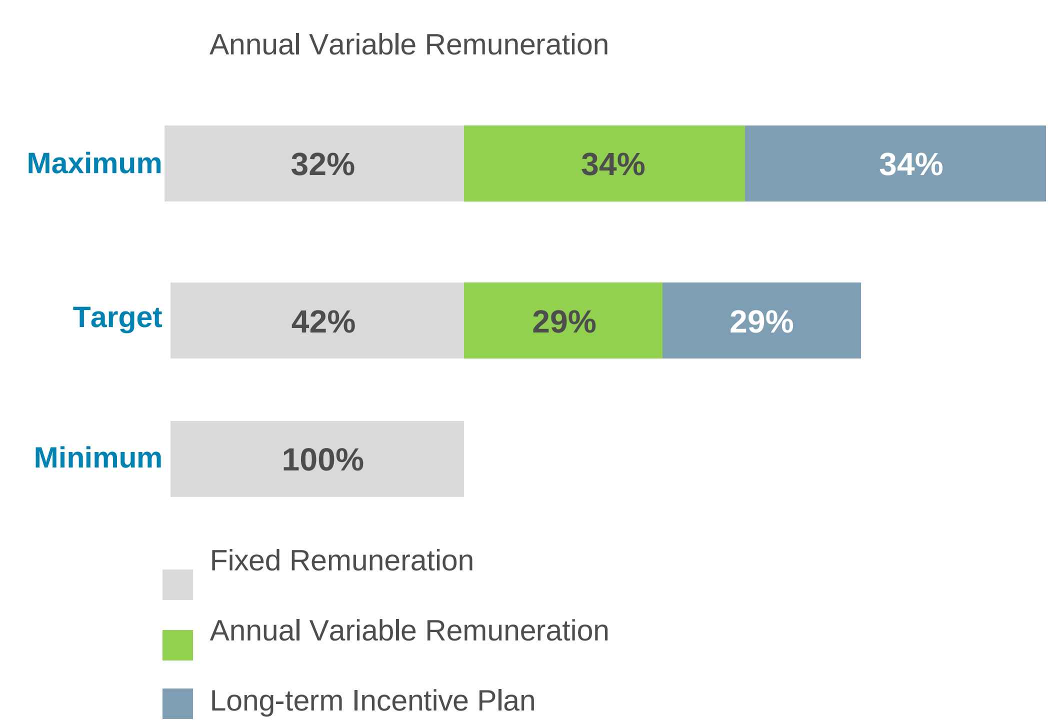
* In addition, executive directors may be beneficiaries of remuneration in kind. The details are disclosed in section 2.VI. In addition, the executive directors receive fixed remuneration for membership and dedication to the meetings of the Board of Directors. Non-executive Board members do not receive attendance allowances.

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[1]	All scenarios	• Chairman: 656.000€ • Managing Director: 506.000€
Annual Variable Remuneration	Low	No incentive would be paid
	Target	70% of fixed remuneration
	Maximum[2]	150% of Target
Long-term Incentive Plan[2]	Low	No incentive would be paid
	Annualised target	70% of the fixed remuneration
	Annualised cap	150% of Target



[1] This does not include remuneration in kind, if any, that executive directors may receive.

[2] The amounts indicated as the value of the long-term incentive use the share price at the date of granting.

2. Remuneration Policy for executive Directors (cont.)

III. Summary of the main changes to the Remuneration Policy applicable to executive Directors

In 2020, Viscofan's Appointments, Remuneration and Sustainability Committee carried out a process of deliberation on the Remuneration Policy in force at that time with a view to proposing a new Remuneration Policy to the Board of Directors. Both internal and external factors were taken into account:

INTERNAL FACTORS

The results achieved by the Group, the objectives set in the short and long term, the link to the Strategic Plan and to sustainability, as well as their alignment with the Company's general employee remuneration policy

EXTERNAL FACTORS

The economic environment, legal requirements, best market practices and national and international recommendations on good corporate governance are taken into account. The recommendations received in the shareholder engagement process that Viscofan regularly carries out have also been taken into account. In this regard, the views received from shareholders on the Remuneration Policy and the annual directors' remuneration reports since the General Shareholders' Meeting held on 25 May 2018, when the latest Remuneration Policy was approved, have been analysed.

The main changes introduced in the Remuneration Policies are summarised below:

Fixed Remuneration			
	Current policy	**Proposed new policy**	**Arguments in support**
Amount	• Chairman: €606,000€ • Managing Director: €466,000	• Chairman: €656,000 • Managing Director: €506,000	• Adaptation of the remuneration package to the results obtained by the Company in recent years. • External competitiveness of the remuneration package.
Updating of the amount	• The Board of Directors may review this remuneration annually in case it is necessary to adjust it, depending on the level of responsibilities assumed at all times by executive Directors, the evolution of the Company, the corresponding market analysis and the evolution of macroeconomic indices such as the CPI.	• No significant adjustments to the fixed remuneration are expected during the term of the Policy.	• Certainty, simplicity and clarity in the procedure for pay increases.
Annual Variable Remuneration			
	Current policy	**Proposed new policy**	**Arguments in support**
Maximum limit	• 120% of the Target Annual Variable Remuneration (84% of the executive director's annual FR) in the event of maximum excess above targets.	• 150% of the Target Annual Variable Remuneration (105% of the executive director's annual FR) in the event of maximum excess above targets.	• Adequately reward outstanding performance and results that are also in the best interests of shareholders. • Alignment with best practices.
Long-term Incentive Plan			
	Current policy	**Proposed new policy**	**Arguments in support**
Maximum limit	• 120% of the Target Incentive (84% of the executive director's annual FR) in the event of maximum excess above targets.	• 150% of the Target Incentive (105% of the executive director's annual FR) in the event of maximum excess above targets.	• Adequately reward outstanding performance and results that are also in the best interests of shareholders. • Alignment with best practices.
Form of granting and payment	• The Plan may be paid in cash and/or include award of shares, share options or remuneration rights linked to the value of these, provided that the targets established for that purpose are met. • The Long-Term Incentive Plan for the 2019-2021 period granted an incentive whose value consisted of 70% Company shares and 30% cash.	• It expressly includes the possibility of the incentive being settled in Company shares, without prejudice to a part being paid in cash in order to address the tax obligations of the executive director.	• Alignment with the shareholders. • Alignment with best corporate governance and market practices. • The provision for partial payment in cash is for clarification purposes in the sense that the number of shares to be delivered - net shares - will the result of applying the corresponding tax withholding to the value of the recognised shares, which legally has to be made and paid in cash.

2. Remuneration Policy for executive Directors (cont.)

The main changes introduced in the Remuneration Policies are summarised below (cont.):

Other elements			
	Current policy	**Proposed new policy**	**Arguments in support**
Payments in the event of termination of the contractual relationship	• The indemnity in the event of termination of the contractual relationship is equivalent to two annuities of the fixed remuneration. Included within this amount is compensation for the two-year non-compete commitment. • Also, In case of breach of the agreement for six months' prior notice, the breaching party shall indemnify the other party with the remuneration corresponding to the unfulfilled period of notice.	• The indemnity will still be two annuities of the fixed remuneration. • The amount which, where applicable, the Company pays for breach of the notification period, will be discounted from the two years of fixed remuneration deriving from the compensation in the event of termination of the contractual relationship.	• Simplicity and flexibility: simplify the policy and allow more flexibility for the Board to proactively manage succession.
Clawback	• The Appointments, Remuneration and Sustainability Committee may propose to the Board of Directors the cancellation or clawback of the payment of the annual and/or multi-year variable remuneration of executive directors if the circumstances described in the Remuneration Policy occur within twelve months after the payment of such remuneration.	• The period of application of the clawback clause in relation to the payment of variable annual and/or multi-year remuneration is increased from 12 to 24 months.	• Reinforcement of prudential risk measures associated with remuneration management. • Alignment with best corporate governance practices.

2. Remuneration Policy for executive Directors (cont.)

IV. Remuneration items for the performance of executive duties

Fixed Remuneration	
Purpose	Reward based on the level of responsibility and the professional trajectory.
Amount	• Chairman: €656,000 • Managing Director: €506,000
Operation	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 valued. This analysis will be carried out by an external assessor specialising in remunerations. This amount will remain unchanged during the validity period of the Remuneration Policy.

Annual Variable Remuneration	
Purpose	Incentivise the achievement of financial objectives, aligned with the Strategic Plan, strategic non-financial objectives and individual performance.
Amount	• Annual Variable Remuneration **Target**: **70% of fixed remuneration**. It will apply in the event of 100% achievement of the pre-established targets. • **Maximum** Annual Variable Remuneration: **150% of the Annual Variable Remuneration Objective**. It will apply in the event of maximum excess achievement of the pre-established targets.
Operation	Corresponds to the Appointments, Remuneration and Sustainability Committee approval of the targets at the start of each fiscal year and the evaluation of 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. 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. 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 (*"target"*) that corresponds to 100% achievement of the targets. For intermediate levels, it is determined by linear interpolation. In the event that the Committee determines that the targets set at the beginning of the fiscal year have been exceeded and that a level of overfullfilment has been achieved, an additional incentive may be paid that will not exceed the maximum incentive indicated. To calculate the variable remuneration amount, the degree of achievement and the weighting of each of the targets will be considered—individual and/or global—and the internal rules and procedures for the evaluation of targets established by the Company for its Directors will be applied. The annual variable remuneration is paid in full in cash within 30 days of the date of preparation of the annual accounts.
Metrics	It is linked to the attainment of a combination of economic-financial (e.g. sales, EBITDA, BDI, cash flow, debt ratios), industrial, operational (e.g. stock/sales ratio or efficiency ratios) and non-financial targets, which may be *ESG* (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 Strategic Plan. Corporate objectives have a weight of at least 50% in the incentive as a whole. They consist of metrics that ensure an appropriate balance between financial, operational and non-financial aspects of the Company's business operations as well as other metrics related to the Company's share value (e.g. share growth or shareholder return). In turn, the quantifiable objectives specific to each executive Director will have a maximum weight of 30%. The weight of the performance evaluation shall not exceed 20%.

2. Remuneration Policy for executive Directors (cont.)

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

Long-term Incentive Plan	
Purpose	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
Amount	• Annualised **Objective** Incentive ***Target***: **70% of fixed remuneration**. It will apply in the event of 100% achievement of the pre-established targets. • Annualised **Maximum** Incentive: **150% of the** Annualised **Target** Incentive. It will apply in the event of maximum excess achievement of the pre-established targets.
Operation	The period for measuring the targets shall be at least three years. 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 paid in cash in order to fulfil the executive director's tax obligations. 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. The Committee performs an annual monitoring of the targets, and once the Plan is completed, will determine the degree of achievement. In this evaluation function, the Committee has the support of the Finance Division and the Internal Audit Division, which provides information on the audited results. Both for setting targets and assessing whether they have been met, the Committee also considers any associated risk. 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.
Metrics	Shareholder value creation targets (e.g. share growth or shareholder return), economic-financial and operational objectives of the strategic plan (e.g. sales, EBITDA, BID, cash flow, debt ratios), as well as non-financial objectives, which may be *ESG* 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. The weight of non-financial targets shall not exceed 20%.

VI. 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, of which the executive Directors as well as members of the family unit that live with them may be beneficiaries, the contribution to social security systems, in line with the remuneration policy of the Group's senior management. 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.

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

VIII. Provisions of the previous Policy that will continue to apply

The executive directors participate in the Long-Term Incentive Plan for the 2019-2021 period, which was approved by the General Shareholders' Meeting held on 24 April 2020. In 2022, the incentive in cash (30%) and in shares (70%) corresponding to said Plan will be paid, if applicable, in 2022.

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

2. Remuneration Policy for executive Directors (cont.)

IX. Ex-post control of variable remuneration (*clawback*)

Taking into account that it is within the jurisdiction of the Appointments, Remuneration and Sustainability Committee, 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 and/or pluriannual variable remuneration of executive Directors if the following circumstances occur within the twenty-four 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 Appointments, Remuneration and Sustainability Committee may propose to the Board of Directors that adjustments be made to the elements, criteria, thresholds and limits of the variable annual or pluriannual remuneration 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.

X. 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 elements of variable remuneration will be subject to a retention period of at least three years.

Shares in the portfolio will be valuated periodically.

XI. 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 Appointments, Remuneration and Sustainability Committee 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**: Agreed 6 months notice. In case of breach of the term, the breaching party shall indemnify the other party with the remuneration corresponding to the unfulfilled period of notice.
- **Indemnity in the event of termination of the contractual relationship and non-compete commitment**: The indemnity shall be equivalent to two annuities of the fixed remuneration. 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.

  On the other hand, in case of termination of the relationship at the behest of the executive Director, the latter will be entitled to receive compensation of two annuities of fixed remuneration in the following scenarios:

  (i) Substantial modification of the conditions of provision services that redound 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 in a plenary session.

3. 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 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.

Concept	Purpose	Annual amount	Comments
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.	The Chairman of the Board has a specific remuneration and does not receive this allocation.
Fixed remuneration for the Chairman of the Board.	Appropriately remunerate the additional dedication the position requires, the level of responsibility, skills and experience required to perform the role.	€160,000	
Fixed Remuneration for Coordinator Director	Appropriately remunerate the recurring additional function (tied to the Company's executive chairmanship model)	€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).	The Chairman and the Managing Director 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 (e.g. 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	

The changes made to the Remuneration Policy are as follows:

- Introduction of a specific fixed remuneration for the Lead Director (€25,000).
- Provision for a reduction in attendance fee (€1,000 instead of €3,000) in the event that attendance at Board meetings is telematic rather than in person.
- Provision for a double attendance fee for the Vice-President in the event that he/she has to stand in for the Presidency of the Board.
- After having incorporated the function and responsibility of promoting and overseeing sustainability, the fixed remuneration is increased for membership of the Appointments, Remuneration and Sustainability Committee (+€5,000) or for its chairmanship (+€7,500).

4. Remuneration policy applicable to new Directors

The remuneration system described 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 Appointments, Remuneration and Sustainability Committee 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 elements 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 Appointments, Remuneration and Sustainability Committee may propose for its decision by the Board 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 3 above shall apply.

5. Process for determining Remuneration Policy

Consideration of shareholders' views

In all aspects of its work, the Appointments, Remuneration and Sustainability Committee considers both the external environment in which the Company operates and the guidelines issued by organisations that they represent institutional investors. The Committee considers information from shareholders, institutional investors and *proxy advisors* received in the periodic consultation process carried out by Viscofan.

Consideration of the remuneration conditions of the employees as a whole and the perspective of the management team

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 has been taken into account.

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***: Non-discrimination on the basis of gender, age, culture, religion or race is guaranteed in the application of remuneration practices and policies. In this respect, 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, 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.

Involvement with other committees

The Committee coordinates with the Audit Committee to ensure that the Group's remuneration policies and practices strike an appropriate balance between appropriately rewarding performance and managing the risks associated with remuneration.

Consideration of market conditions

Directors' remuneration is compared with comparable profiles in companies that are similar in terms of size. Remuneration of the non-executive directors is compared with the Ibex-35. The remuneration of the executive directors is comparable to a group of companies from the *Packaged Foods & Meats* sector and a selection of IBEX-35 companies of a comparable size.

Consideration of independent external advice

In determining, reviewing and implementing the Remuneration Policy, the Committee seeks independent advice and ensures that no Director makes decisions regarding his or her own remuneration.

The functions performed by the Appointments, Remuneration and Sustainability Committee are set out in the **Chapter II** of the Regulations of this Committee

6. 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 30% of total remuneration in a standard target scenario.

- Long-term variable remuneration plans are 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 economic-financial, industrial, operational, 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 Strategic Plan. Some examples of metrics are included in sections 2.IV and 2.V above 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 68% 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 committee at the start of every year (usually in February) 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;

  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.

  e) under the terms set, the annual and multi-year variable remuneration is limited to 70% of the executive director's fixed remuneration in a scenario in which the targets are met and 105% 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 2.VIII 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 2.IX above.

7. 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 in 2021 and, once approved, it shall enter into force in financial year 2021, thereby rendering null and void the Remuneration Policy currently in force, approved by the General Shareholders' Meeting held on 25 May 2018.

This new Remuneration Policy will remain in force for three financial years (2021, 2022 and 2023), although the Committee may propose for approval a new policy at an earlier date if deemed appropriate.