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## **REPORT ON ITEM SEVENTEEN OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING ON THE APPROVAL OF A MULTI-YEAR INCENTIVE FOR THE COMPANY'S EXECUTIVE DIRECTORS, DIRECTORS AND OTHER KEY EMPLOYEES FOR 2022-2024, TO BE PAID IN CASH AND THROUGH THE DELIVERY OF COMPANY SHARES. DELEGATION OF POWERS TO THE BOARD OF DIRECTORS SO IT CAN DEVELOP AND IMPLEMENT RESOLUTIONS.**

### **1. Introduction.**

Board of Directors of Viscofan, S.A. (the “**Company**” or “**Viscofan**”) at its meeting dated 24 February 2022, upon the proposal of the Appointments, Remunerations and Sustainability Committee (“**CNRS**”), issued this report for the General Shareholders' Meeting envisaged for 28 April 2022 at first call and for 29 April 2022 at second call, proposing a Long-Term Incentive Plan for 2022-2024 (hereinafter, the “**Plan**”) earmarked for Executive Directors of the Company, executives and other key employees of the Viscofan Group (formed by the Company, as the Parent, in the meaning stipulated by Law, and its subsidiaries).

The Plan is approved by the Company for the whole Viscofan Group, based on its coordination function, which includes the determination of the strategy and compensation and talent retention policies, without affecting the assumption and implementation of the Plan by the Group companies in which the Plan's beneficiaries are included.

To the extent the Plan includes the Company's Executive Directors, in accordance with the provisions of article 219 of the consolidated Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and in article 29.2 of Viscofan's Bylaws, the approval of the Plan is submitted to the General Shareholders' Meeting, under the terms provided for in current legislation and in Viscofan's Directors' Remuneration Policy, approved by the 2021 Ordinary General Shareholders' Meeting.

### **2. Objective and description of the Plan**

**Purpose.**-The Plan is established to 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.

**Description of the Plan.**- The Plan consists of an extraordinary, multi-year and mixed incentive, with an initial theoretical assignment of Company shares and an amount payable in cash, with a measurement period of three (3) years, which could give rise, following the application of certain ratios, based on the degree of attainment of its targets, to the effective delivery of a number of shares of Viscofan and to the payment of a cash amount on the scheduled payment date.

Based on the professional level of the beneficiary, different percentages of shares and cash payments are assigned, which in the case of the two (2) Executive Directors and thirty (30) beneficiary executives, is 70% in shares and 30% in cash; for the remaining beneficiaries,

the assignment is 40% in shares and 60% in cash.

The scale of compliance includes a minimum threshold below which no incentive is paid, a Target Incentive level (or “Target, for 100% compliance) and a Maximum Incentive level when targets are exceeded, in the terms envisaged in the current Directors' Remuneration Policy, which is detailed in section 6. For intermediate levels, the scale or degree of compliance is determined through lineal interpolation.

### **3. Beneficiaries**

The Plan is intended for people who, due to their level of responsibility or their position within the Viscofan Group, decisively contribute to the attainment of the Viscofan Group's strategic targets. Specifically, the beneficiaries are:

- (i) The Company's Executive Directors: the Company's Executive Chairman and General Managing Director.
- (ii) senior executives of the Company and subsidiaries,
- (iii) other directors and employees of Viscofan and subsidiaries.

The Plan has 152 beneficiaries, although due to new recruits or to mobility or changes in professional levels, the number of beneficiaries may increase to approximately 160, with respect to the Plan's economic limits established in section 5.

### **4. Duration.**

The Plan has a Measurement Period of three years, from 1 January 2022 to 31 December 2024 ("Measurement Period").

The Plan will be paid within one month of the approval by the Company's Ordinary General Shareholders' Meeting of the financial statements for 2024 ("Settlement Date"), i.e., within the first half of 2025. To be entitled to the Plan's benefits, the employee must remain at the Viscofan Group, except in the cases in which the end of the employment relationship was not attributable to the employee or in the event of a prior breach by the employer.

### **5. Limits and origin of the shares**

The Plan has the following limits:

- With regard to the part to be paid in shares, the Plan provides for a maximum of 235,000 shares for all beneficiaries if the Target is achieved <sup>1</sup> and of 350,000 shares if the Target is exceeded.
- With regard to the part to be paid in cash, the Plan provides for a maximum of €11,5 million for all beneficiaries if the Target is achieved and of €17.3 million if the Target is exceeded.

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<sup>1</sup> Approximately equivalent to 0.5% of the share capital.

Considering the price of the share taken as a reference at the start of the Measurement Period (€55.78 in line with section 6), the value of the Plan if the Targets are achieved amounts to approximately €25 million<sup>2</sup>.

The cost of the Plan will be borne by the Company and by each Viscofan Group company, based on the inclusion in each of them of the Plan's beneficiaries.

When, for regulatory or similar reasons, the delivery of shares to beneficiaries not resident in Spain is too burdensome or expensive, it can be agreed to substitute their delivery for a cash equivalent at the payment date.

The maximum amount and number of shares for the Executives Directors, which will be submitted to the approval of the General Shareholders' Meeting, are as follows:

- Executive Chairman.- For the Target Incentive, a maximum of 17,287 shares and €413,280 in cash; in the event of the Maximum Incentive for exceeding targets, 25,931 shares and €619,920. In line with the price of €55.78 per share taken at the start of the Measurement Period, the Plan's total value for the Executive Chairman is €1,377,660 for the Target Incentive and €2,066,351 for the Maximum Incentive for exceeding targets.
- General Managing Director.- For the Target Incentive, a maximum of 13,334 shares and €318,780 in cash; in the event of the Maximum Incentive for exceeding targets, 20,002 shares and €478,170. In line with the price of €55.78 per share taken at the start of the Measurement Period, the Plan's total value for the General Managing Director is €1,062,600 for the Target Incentive and €1,593,882 for the Maximum Incentive for exceeding targets.

All of the shares to be delivered under the Plan will come from the Company's treasury stock. No minimum value of the assigned shares is guaranteed.

## **6. Metrics and objectives of the Plan.**

The Plan must reflect the expected value creation during the Measurement Period, taking into account the Viscofan Group's strategy. Hence, it is proposed to maintain economic value and sustainability creation criteria in line with the most advanced standards in the area.

In accordance with the Remuneration Policy of the directors the following is distinguished:

- I. the Target Incentive (also referred to as the "Target Objective"), which is attained if all objectives set are met.
- II. the Maximum Incentive (150% of the annualised Objective Target), which is attained in the event of maximum compliance with the pre-established targets.

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<sup>2</sup> The cost of the Plan will depend, among other aspects, on the valuation of the shares in line with the accounting rules and the degree of attainment of the objectives of the Plan. The Plan, in the calculation terms indicated for the Target Incentive, represents an increase of approximately €5 million with respect to the estimated final value to be settled of the 2019-2021 Long-Term Incentive Plan (approximately €20 million), being the cause of this increase (i) the increase in the number of beneficiaries (from a definitive figure of 147 personas in the 2019-2021 Plan with respect to the estimate of 160 people for the 2022-2024 plan) and (ii) the increase in itself of remuneration, calculation base and assignment, existing in 2022 with respect to 2019.

## 6.1. Target Incentive.-

Three metrics blocks are established for the Target Incentive:

### (i) **Creating value for shareholders** (75% of the Target Objective).

Total Shareholder Return ("TSR") is proposed as an essential metric, which measures the return on investment for the shareholder as a sum of the variation in the share price in the Measurement Period, plus dividends and other similar items received during this period.

The average listed price of the share in December 2021, i.e., €55.78 per share, is taken as the initial reference. To calculate the performance of TSR at the end of the period, the average listed price of the share in December 2024 will also be considered.

In accordance with these benchmark values, a minimum level of compliance is established, from which the plan begins to receive 4% of the Compound Annual Growth Rate (CAGR) and 6.5% of the CAGR as a Target Objective, in line with the Company's historical average.

### (ii) **Creating sustainable value in environmental matters** (10% of the Target Objective).

The Company approved a new 2022-2025 Sustainability Action Plan (period which therefore comprises the Plan's Measurement Period). In line with this Sustainability Action Plan, investments are included in the Viscofan Group aimed at the decarbonisation of processes. In this regard, as the Target Objective, it is proposed to reduce the CO<sub>2</sub> emissions per kilometre of casing at the Viscofan Group by between 4.5% and 7.5% in the Measurement Period. The average range is in line with the ambitious objective of reducing, with respect to 2018 values, 30% of CO<sub>2</sub> emissions per km produced for 2030.

### (iii) **Creating sustainable value in social matters** (15% of the Target Objective).

The metric is subdivided into two:

- a. Reduction of the accident rate.- In the materiality analysis performed by the Viscofan Group in 2021 to prepare the new 2022-2025 Sustainability Action Plan, the security of people in the workplace was once again highlighted as a priority and an especially critical area. Aligned with the objective of reducing the accident rate at the Viscofan Group by 50%, the objective is proposed of reducing the seriousness index between 3% (minimum) and 5% annually (Target Objective), calculated as the number of days lost per thousand hours worked. 10% of the Target Objective is weighted.
- b. Audits to suppliers.- Also, in line with the fact that the sustainability commitment is transmitted throughout the whole of the Viscofan Group's supply chain, the objective is proposed (as a unique value, which acts as a minimum and maximum) to perform, at the end of the Measurement Period, audits on the compliance of the Viscofan Group's Supplier Conduct Code, in a volume equivalent to 50% of the purchases from suppliers of the main raw materials, namely: cellulose, collagen

skins, cellulose paper and suppliers of polyamides. The raw materials represent around 55% of raw material purchases. 5% of the Target Objective is weighted.

## **6.2. Maximum Incentive when targets are exceeded.**

In accordance with the Directors' Remuneration Policy, the possibility is envisaged that the Plan recognises exceeded targets of up an additional 50% of the Target Incentive. For the accrual and recognition of this additional 50% of the Target Objective, it is proposed to only consider the Maximum Incentive in the event the target is exceeded in relation to the "creation of value for the shareholder" metric, that is, in the event of an exceptional performance of the TSR attained in the period, obtained from the absolute viewpoint and from another, relative, that is, by comparing the Company's TSR with the performance of a reference group.

### **(i) Creation of historical absolute value for shareholders (35% of the Objective)**

If an absolute TSR is obtained between 6.5% (minimum value) and 10% (maximum), values that correspond to a return obtained in the exceptional periods of greater value creation for the Company.

### **(ii) Creation of value exceeding other companies of reference (15% of the Objective)**

To measure this objective, it is proposed to use the relative TSR, in which Viscofan must perform better than the average of a reference group. This reference group will be formed by the seven non-financial companies of the Ibex-35 with a stock market capitalisation of less than €4 billion<sup>3</sup> and by another seven benchmark companies on the special ingredients and casing market<sup>4</sup> If Viscofan's TSR is in the 50 percentile of this group, it begins to accrue exceeded targets, with the maximum compliance being the 100 percentile.

## **7. Performance measurement and Plan modifications:**

A condition for the payment of the Plan will be that Viscofan, S.A.'s Board of Directors has ratified the degree of compliance with the parameters and magnitudes thereof, upon the proposal of the Appointments, Remunerations and Sustainability Committee.

Under the Directors' Remuneration Policy, Executive Directors who are beneficiaries of the Plan may not transfer the shares delivered for a period of three (3) years, unless they hold, directly or indirectly, a number of shares equivalent to twice their fixed annual remuneration. For the senior managers that are beneficiaries of the Plan, the retainment period will be one (1) year, unless they directly or indirectly hold a number of shares equivalent to twice their fixed annual remuneration.

The provisions of the current Director Remuneration policy will also apply to all beneficiaries for the ex-post control of variable remuneration ("Clawback").

<sup>3</sup> Acerinox, Cie Automotive, Almirall, Solaria, Indra, Meliá Hotels and Pharma Mar.

<sup>4</sup> IFF, DSM, Kerry, Ingredion, Tat&Lyle, Darling Ingredients and Devro.

## **8. Implementation of the Plan. Delegation to the Board of Directors.**

In relation to the implementation of the Plan, it is also submitted for the approval of the General Shareholders' Meeting, to delegate to the Board of Directors, with general powers of substitution, the necessary powers to implement, develop, formalise, execute and settle the Plan, adopting as many agreements and signing as many documents, public or private, as may be necessary or appropriate for its full effect, with the power to even correct, rectify, modify or complement this agreement. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with general powers of substitution:

- (a) To designate the beneficiaries of the Plan, either at the time of its establishment or subsequently, and to determine their allocations of "theoretical shares", as well as to revoke, where appropriate, the designations and allocations previously made.
- (b) To set the terms and conditions of the Plan in all matters not provided for in this agreement, within the framework of the contracts in force with the executive directors, senior managers and other beneficiaries.
- (c) To formalise and implement the Plan in the manner it considers appropriate, carrying out all the necessary actions for its proper execution.
- (d) Draft, sign and submit any communications and documents, public or private, that may be necessary or appropriate before any public or private body for the implementation and execution of the Plan.
- (e) Carry out any action, declaration or procedure before any public or private body, entity or registry to obtain any authorisation or verification necessary for the implementation and execution of the Plan.
- (f) To designate, where appropriate, the bank or banks that should provide their services to the Company in relation to the formalisation and administration of the Plan and to negotiate, agree and sign the corresponding contracts with the bank or banks selected in this manner, as well as those other contracts or agreements that are appropriate with any other entities and, if applicable, with the beneficiaries, for the implementation and execution of the Plan, under the terms and conditions it deems appropriate.
- (g) Evaluate the level of performance in relation to the parameters to which the Plan is linked and proceed to its settlement.
- (h) In general, to carry out as many actions and sign as many documents as necessary or appropriate for the validity, effectiveness, implementation, development, execution, settlement and success of the Plan. The Board of Directors is expressly authorised to delegate, under the provisions of article 249.2 of the Corporate Enterprises Act, the powers referred to in this resolution.

In conclusion, considering the features of the Plan described above, following a report by the Appointments, Remunerations and Sustainability Committee, whose conclusions it adopts, the Board of Directors believes that the Plan meets the needs of the Company and of the Group and aligns the interests of the beneficiaries with those of the shareholders, and therefore the following proposed resolution was put forward to the General Shareholders' Meeting:

**“POINTS RELATING TO DIRECTORS' REMUNERATION AND A VARIABLE LONG-TERM REMUNERATION SYSTEM**

(...)

*Seventeen. - Approval of a Long-term Incentive Plan in shares and cash aimed at the Executive Directors, members of the management team and other employees of the Viscofan Group for 2022-2024. Delegation of powers to the Board of Directors so it can develop and implement resolutions.*

*Approval for the Company's Executive Directors, Executive Chairman and General Managing Director, executives and other key employees of the Viscofan Group (formed by the Company, as the Parent, in the meaning established by Law, and its subsidiaries), of a Long-Term Incentive Plan for 2022-2024 (hereinafter the "Plan"), with the following characteristics and conditions:*

**Objective and description of the Plan**

**Purpose.**-*The Plan is established to 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.*

**Description of the Plan.**- *The Plan consists of an extraordinary, multi-year and mixed incentive, with an initial theoretical assignment of Company shares and an amount payable in cash, with a measurement period of three (3) years, which could give rise, following the application of certain ratios, based on the degree of attainment of its targets, to the effective delivery of a number of shares of Viscofan and to the payment of a cash amount on the scheduled payment date.*

*Based on the professional level of the beneficiary, different percentages of shares and cash payments are assigned, which in the case of the two (2) Executive Directors and thirty (30) beneficiary executives, is 70% in shares and 30% in cash; for the remaining beneficiaries, the assignment is 40% in shares and 60% in cash.*

*The scale of compliance includes a minimum threshold below which no incentive is paid, a Target Incentive level (or "Target, for 100% compliance) and a Maximum Incentive level when targets are exceeded, in the terms envisaged in the current Directors' Remuneration Policy, which is detailed in section 6. For intermediate levels, the scale or degree of compliance is determined through lineal interpolation.*

**Beneficiaries**

*The Plan is intended for people who, due to their level of responsibility or their position within the Viscofan Group, decisively contribute to the attainment of the Viscofan Group's strategic targets. Specifically, the beneficiaries are:*

- (i) The Company's Executive Directors: the Company's Executive Chairman and General Managing Director.*
- (ii) senior executives of the Company and subsidiaries,*

(iii) *other directors and employees of Viscofan and subsidiaries.*

*The Plan has 152 beneficiaries, although due to new recruits or to mobility or changes in professional levels, the number of beneficiaries may increase to approximately 160, with respect to the Plan's economic limits.*

**Duration.**

*The Plan has a Measurement Period of three years, from 1 January 2022 to 31 December 2024 ("Measurement Period").*

*The Plan will be paid within one month of the approval by the Company's Ordinary General Shareholders' Meeting of the financial statements for 2024 ("Settlement Date"), i.e., within the first half of 2025. To be entitled to the Plan's benefits, the employee must remain at the Viscofan Group, except in the cases in which the end of the employment relationship was not attributable to the employee or in the event of a prior breach by the employer.*

**Limits and origin of the shares**

*The Plan has the following limits:*

- *With regard to the part to be paid in shares, the Plan provides for a maximum of 235,000 shares for all beneficiaries if the Target is achieved <sup>5</sup> and of 350,000 shares if the Target is exceeded.*
- *With regard to the part to be paid in cash, the Plan provides for a maximum of €11,5 million for all beneficiaries if the Target is achieved and of €17.3 million if the Target is exceeded.*

*Considering the price of the share taken as a reference at the start of the Measurement Period (€55.78 in line with section 6), the value of the Plan if the Targets are achieved amounts to approximately €25 million<sup>6</sup>.*

*The cost of the Plan will be borne by the Company and by each Viscofan Group company, based on the inclusion in each of them of the Plan's beneficiaries.*

*When, for regulatory or similar reasons, the delivery of shares to beneficiaries not resident in Spain is too burdensome or expensive, it can be agreed to substitute their delivery for a cash equivalent at the payment date.*

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<sup>5</sup> Approximately equivalent to 0.5% of the share capital.

<sup>6</sup> The cost of the Plan will depend, among other aspects, on the valuation of the shares in line with the accounting rules and the degree of attainment of the objectives of the Plan. The Plan, in the calculation terms indicated for the Target Incentive, represents an increase of approximately €5 million with respect to the estimated final value to be settled of the 2019-2021 Long-Term Incentive Plan (approximately €20 million), being the cause of this increase (i) the increase in the number of beneficiaries (from a definitive figure of 147 personas in the 2019-2021 Plan with respect to the estimate of 160 people for the 2022-2024 plan) and (ii) the increase in itself of remuneration, calculation base and assignment, existing in 2022 with respect to 2019.

The maximum amount and number of shares for the Executives Directors, which will be submitted to the approval of the General Shareholders' Meeting, are as follows:

- *Executive Chairman.- For the Target Incentive, a maximum of 17,287 shares and €413,280 in cash; in the event of the Maximum Incentive for exceeding targets, 25,931 shares and €619,920. In line with the price of €55.78 per share taken at the start of the Measurement Period, the Plan's total value for the Executive Chairman is €1,377,660 for the Target Incentive and €2,066,351 for the Maximum Incentive for exceeding targets.*
- *General Managing Director.- For the Target Incentive, a maximum of 13,334 shares and €318,780 in cash; in the event of the Maximum Incentive for exceeding targets, 20,002 shares and €478,170. In line with the price of €55.78 per share taken at the start of the Measurement Period, the Plan's total value for the General Managing Director is €1,062,600 for the Target Incentive and €1,593,882 for the Maximum Incentive for exceeding targets.*

All of the shares to be delivered under the Plan will come from the Company's treasury stock. No minimum value of the assigned shares is guaranteed.

#### **Metrics and objectives of the Plan.**

The Plan must reflect the expected value creation during the Measurement Period, taking into account the Viscofan Group's strategy. Hence, it is proposed to maintain economic value and sustainability creation criteria in line with the most advanced standards in the area.

In accordance with the Remuneration Policy of the directors the following is distinguished:

- I. *the Target Incentive (also referred to as the "Target Objective"), which is attained if all objectives set are met.*
- II. *the Maximum Incentive (150% of the annualised Objective Target), which is attained in the event of maximum compliance with the pre-established targets.*

#### **Target Incentive.-**

Three metrics blocks are established for the Target Incentive:

- (i) **Creating value for shareholders** (75% of the Target Objective).

Total Shareholder Return ("TSR") is proposed as an essential metric, which measures the return on investment for the shareholder as a sum of the variation in the share price in the Measurement Period, plus dividends and other similar items received during this period.

The average listed price of the share in December 2021, i.e., €55.78 per share, is taken as the initial reference. To calculate the performance of TSR at the end of the period, the average listed price of the share in December 2024 will also be considered.

In accordance with these benchmark values, a minimum level of compliance is

established, from which the plan begins to receive 4% of the Compound Annual Growth Rate (CAGR) and 6.5% of the CAGR as a Target Objective, in line with the Company's historical average.

**(ii) Creating sustainable value in environmental matters (10% of the Target Objective).**

The Company approved a new 2022-2025 Sustainability Action Plan (period which therefore comprises the Plan's Measurement Period). In line with this Sustainability Action Plan, investments are included in the Viscofan Group aimed at the decarbonisation of processes. In this regard, as the Target Objective, it is proposed to reduce the CO<sub>2</sub> emissions per kilometre of casing at the Viscofan Group by between 4.5% and 7.5% in the Measurement Period. The average range is in line with the ambitious objective of reducing, with respect to 2018 values, 30% of CO<sub>2</sub> emissions per km produced for 2030.

**(iii) Creating sustainable value in social matters (15% of the Target Objective).**

The metric is subdivided into two:

- a. *Reduction of the accident rate.- In the materiality analysis performed by the Viscofan Group in 2021 to prepare the new 2022-2025 Sustainability Action Plan, the security of people in the workplace was once again highlighted as a priority and an especially critical area. Aligned with the objective of reducing the accident rate at the Viscofan Group by 50%, the objective is proposed of reducing the seriousness index between 3% (minimum) and 5% annually (Target Objective), calculated as the number of days lost per thousand hours worked. 10% of the Target Objective is weighted.*
- b. *Audits to suppliers.- Also, in line with the fact that the sustainability commitment is transmitted throughout the whole of the Viscofan Group's supply chain, the objective is proposed (as a unique value, which acts as a minimum and maximum) to perform, at the end of the Measurement Period, audits on the compliance of the Viscofan Group's Supplier Conduct Code, in a volume equivalent to 50% of the purchases from suppliers of the main raw materials, namely: cellulose, collagen skins, cellulose paper and suppliers of polyamides. The raw materials represent around 55% of raw material purchases. 5% of the Target Objective is weighted.*

**Maximum Incentive when targets are exceeded.**

*In accordance with the Directors' Remuneration Policy, the possibility is envisaged that the Plan recognises exceeded targets of up an additional 50% of the Target Incentive. For the accrual and recognition of this additional 50% of the Target Objective, it is proposed to only consider the Maximum Incentive in the event the target is exceeded in relation to the "creation of value for the shareholder" metric, that is, in the event of an exceptional performance of the TSR attained in the period, obtained from the absolute viewpoint and from another, relative, that is, by comparing the Company's TSR with the performance of a reference group.*

**I. Creation of historical absolute value for shareholders (35% of the Objective)**

If an absolute TSR is obtained between 6.5% (minimum value) and 10% (maximum), values that correspond to a return obtained in the exceptional periods of greater value creation for the Company.

## **II. Creation of value exceeding other companies of reference (15% of the Objective)**

To measure this objective, it is proposed to use the relative TSR, in which Viscofan must perform better than the average of a reference group. This reference group will be formed by the seven non-financial companies of the Ibex-35 with a stock market capitalisation of less than €4 billion<sup>7</sup> and by another seven benchmark companies on the special ingredients and casing market<sup>8</sup>. If Viscofan's TSR is in the 50 percentile of this group, it begins to accrue exceeded targets, with the maximum compliance being the 100 percentile.

### **Performance measurement and Plan modifications:**

A condition for the payment of the Plan will be that Viscofan, S.A.'s Board of Directors has ratified the degree of compliance with the parameters and magnitudes thereof, upon the proposal of the Appointments, Remunerations and Sustainability Committee.

Under the Directors' Remuneration Policy, Executive Directors who are beneficiaries of the Plan may not transfer the shares delivered for a period of three (3) years, unless they hold, directly or indirectly, a number of shares equivalent to twice their fixed annual remuneration. For the senior managers that are beneficiaries of the Plan, the retainment period will be one (1) year, unless they directly or indirectly hold a number of shares equivalent to twice their fixed annual remuneration.

The provisions of the current Director Remuneration policy will also apply to all beneficiaries for the ex-post control of variable remuneration ("Clawback").

### **Implementation of the Plan. Delegation to the Board of Directors.**

In relation to the implementation of the Plan, it is also submitted for the approval of the General Shareholders' Meeting, to delegate to the Board of Directors, with general powers of substitution, the necessary powers to implement, develop, formalise, execute and settle the Plan, adopting as many agreements and signing as many documents, public or private, as may be necessary or appropriate for its full effect, with the power to even correct, rectify, modify or complement this agreement. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with general powers of substitution:

- a) To designate the beneficiaries of the Plan, either at the time of its establishment or subsequently, and to determine their allocations of "theoretical shares", as well as to revoke, where appropriate, the designations and allocations previously made.
- b) To set the terms and conditions of the Plan in all matters not provided for in this agreement, within the framework of the contracts in force with the executive directors, senior managers and other beneficiaries.

<sup>7</sup> Acerinox, Cie Automotive, Almirall, Solaria, Indra, Meliá Hotels and Pharma Mar.

<sup>8</sup> IFF, DSM, Kerry, Ingredion, Tat&Lyle, Darling Ingredients and Devro.

- c) *To formalise and implement the Plan in the manner it considers appropriate, carrying out all the necessary actions for its proper execution.*
- d) *Draft, sign and submit any communications and documents, public or private, that may be necessary or appropriate before any public or private body for the implementation and execution of the Plan.*
- e) *Carry out any action, declaration or procedure before any public or private body, entity or registry to obtain any authorisation or verification necessary for the implementation and execution of the Plan.*
- f) *To designate, where appropriate, the bank or banks that should provide their services to the Company in relation to the formalisation and administration of the Plan and to negotiate, agree and sign the corresponding contracts with the bank or banks selected in this manner, as well as those other contracts or agreements that are appropriate with any other entities and, if applicable, with the beneficiaries, for the implementation and execution of the Plan, under the terms and conditions it deems appropriate.*
- g) *Evaluate the level of performance in relation to the parameters to which the Plan is linked and proceed to its settlement.*
- h) *In general, to carry out as many actions and sign as many documents as necessary or appropriate for the validity, effectiveness, implementation, development, execution, settlement and success of the Plan. The Board of Directors is expressly authorised to delegate, under the provisions of article 249.2 of the Corporate Enterprises Act, the powers referred to in this resolution.*