

(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.)

REPORT OF THE APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE ON THE PROPOSAL FOR APPROVAL OF THE DIRECTORS' REMUNERATION POLICY (ARTICLE 529R OF THE CORPORATE ENTERPRISES ACT)

1. INTRODUCTION

This report contains the reasoned proposal of the Appointments, Remuneration and Sustainability Committee in relation to the Remuneration Policy for the directors (hereinafter "Remuneration Policy") of Viscofan, S.A. (hereinafter 'Viscofan', 'The Group' or 'The Company') during the three-year period 2021-2023 which will be submitted to the General Shareholders' Meeting as a separate item on the agenda. This is made available to shareholders on the Viscofan website, in accordance with article 529r, paragraph 1, of Royal Legislative Decree 1/2010, of 2 July, approving the revised text of the Corporate Enterprises Act for the Improvement of Corporate Governance ("CEA").

The aforementioned article requires listed companies to have a remuneration policy approved by the General Shareholders' Meeting at least every three years and that any remuneration received by Directors during the three years following the year in which the remuneration policy was approved be in line with this remuneration policy.

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 Appointments, Remuneration and Sustainability Committee may propose for approval a new policy at an earlier date if deemed appropriate.

2. FUNDAMENTALS OF THE DIRECTORS' REMUNERATION POLICY

The new Remuneration Policy is a continuation of the existing policy, but introduces some adjustments to strengthen alignment with Viscofan's 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, 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.

In view of the above, the general principles underpinning 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.

With regard to the remuneration elements contemplated in the Remuneration Policy, the remuneration of directors, in their capacity as such, is entirely composed of fixed components, while the remuneration package of executive directors, for their executive duties, is composed of different remuneration elements consisting basically of fixed remuneration, annual variable remuneration and a long-term incentive plan, presenting a reasonable balance between the aforementioned components, which reflects an appropriate taking of risks combined with the achievement of defined short- and long-term objectives tied to the creation of sustainable value.

3. SUMMARY OF CHANGES TO THE REMUNERATION POLICY

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.

This took into account both internal factors (e.g. the Group's performance, short- and long-term objectives, linkage to the Strategic Plan and sustainability, and alignment with the Company's general employee remuneration policy) and external factors (e.g. the economic environment, legal requirements, market best practices, national and international corporate governance recommendations, and recommendations received in the shareholder engagement process).

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

- Remuneration policy for executive Directors:
 - Total remuneration is revised to adapt the remuneration package to the Company's performance in recent years and to ensure a competitive position in a group of companies in the *Packaged Foods & Meats* sector and with a selection of Ibx-35 companies that are comparable in terms of size.

Taking into account the above, this revision involved an adjustment of fixed remuneration to achieve the desired positioning. The proposed fixed remuneration amounts to €656,000 (+€50,000) for the Chairman and €506,000 (+€40,000) for the Managing Director.

At the same time, in order to provide greater certainty, simplicity and clarity in the remuneration increase procedure, the new fixed remuneration amounts will remain unchanged during the period of validity of the Remuneration Policy.

- In order to adequately reward extraordinary performance and results that also benefit shareholders, as well as to align with best practices, the maximum limit of the annual variable remuneration and the long-term incentive plan is raised. In this respect, in cases of maximum excess achievement of the targets, the maximum limit is set at the following thresholds:
 - Annual variable remuneration: 150% of the Target Annual Variable Remuneration (105% of the executive director's annual fixed remuneration).
 - Long-term incentive plan (annualised): 150% of the Target incentive (105% of the annual Fixed Remuneration of the executive director).
- It expressly includes the possibility of the long-term incentive plan 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.

- It is provided that the Board of Directors, at the request of the Appointments, Remuneration and Sustainability Committee, may submit before the General Shareholders' Meeting the granting of special incentives to executive directors in light of extraordinary corporate actions.
- 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.
- With respect to the *clawback* clause, the period of its application is increased from 12 to 24 months following payment of due variable annual and/or multi-year remuneration.
- Remuneration policy for Directors in their capacity as such:
 - Specific fixed remuneration for the Lead Director (€25,000).
 - Reduction made in attendance fee (€1,000 instead of €3,000) in the event that attendance at Board meetings is telematic rather than in person.
 - 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 matters, the fixed remuneration is increased for membership of the Appointments, Remuneration and Sustainability Committee (+€5,000) or for its chairmanship (+€7,500).
- Alignment with employee remuneration conditions and with the long-term strategy and sustainability of the Company.
 - In relation to the alignment between the remuneration policy and the conditions of the Company's employees, a new section is included to disclose how the remuneration conditions of the Company's employees are taken into account when setting the remuneration policy for executive directors.
 - In relation to the contribution of the remuneration policy to the strategy, interests and long-term sustainability of the Company, a new section is included to explain how this remuneration policy contributes to the strategy and its consistency with the long-term interests and sustainability of the Company.

4. 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.