



ANNUAL CORPORATE
GOVERNANCE REPORT FOR
LISTED COMPANIES 2019



[Free translation from the original in Spanish, in event of discrepancy, the Spanish-language version prevails](#)

ISSUER IDENTIFICATION

Financial year end:

[31/12/2019]

TAX ID NO.

[A-31065501]

Registered Name:

[VISCOFAN, S.A.]

Registered address:

[CALLE BERROA NÚMERO 15, 4ª PLANTA. POLÍGONO INDUSTRIAL BERROA. 31192 (TAJONAR) NAVARRE]

A. OWNERSHIP STRUCTURE OF THE COMPANY

A.1. Fill in the following table on the company's share capital:

Date of last change	Share capital (euros)	Number of shares	Number of total voting rights
25/01/2019	32,550,000.00	46,500,000	46,500,000

Indicate if there are different classes of shares with different rights associated with them:

☐ Yes
☒ No

In accordance with the Relevant Event reported to the CNMV with registration number 274147 and dated 25 January 2019, the Company's Board of Directors resolved to execute a capital reduction for a nominal amount of 72,577.40 euros, through the amortisation of the 103,682 own shares then in the portfolio acquired under the authorisation granted by the General Shareholders' Meeting held on 25 May 2018 under item five of the agenda.

The share capital remaining after the reduction was set at 32,550,000 euros represented by 46,500,000 shares with a par value of 0.70 euros per share.

A.2. Detail the direct and indirect owners of significant holdings at year-end, excluding directors:

Name or company name of the shareholder	% voting rights attributed to the shares		% of voting rights from financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
CORPORACIÓN FINANCIERA ALBA S.A.	13.03	0.00	0.00	0.00	13.03
APG ASSET MANAGEMENT N.V.	10.09	0.00	0.00	0.00	10.09
NORGES BANK	4.40	0.00	0.58	0.00	4.98
MARATHON ASSET MANAGEMENT, LLP	0.00	4.94	0.00	0.00	4.94
SETANTA ASSET MANAGEMENT LIMITED	0.00	4.02	0.00	0.00	4.02
WELLINGTON MANAGEMENT GROUP LLP	0.00	3.22	0.00	0.00	3.22

Details of the indirect investment:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% voting rights attributed to the shares	% of voting rights from financial instruments	% total voting rights
MARATHON ASSET MANAGEMENT, LLP	OTHER COMPANY SHAREHOLDERS	4.94	0.00	4.94
SETANTA ASSET MANAGEMENT LIMITED	OTHER COMPANY SHAREHOLDERS	4.02	0.00	4.02
WELLINGTON MANAGEMENT GROUP LLP	OTHER COMPANY SHAREHOLDERS	3.22	0.00	3.22

Indicate the most significant movements in the shareholding structure during the year:

Most significant movements

- Wellington Management Group LLP increased its shareholding to more than 3% of the share capital on 17 May 2019.
- Setanta Asset Management Limited increased its shareholding to more than 3% of the share capital on 17 July 2019.
- Setanta Asset Management Limited increased its shareholding to more than 4% of the share capital on 1 August 2019.
- Norges Bank decreased its shareholding to less than 5% of the share capital on 6 November 2019.

A.3. Fill in the following tables about members of the Board of Directors of the Company with voting rights on company shares:

Name of director (person or company)	% voting rights attributed to the shares		% of voting rights from financial instruments		% total voting rights	% of voting rights that <u>can be transferred</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR JOSE DOMINGO DE AMPUERO Y OSMA	0.13	0.00	0.00	0.00	0.13	0.00	0.00
MR JOSÉ ANTONIO CANALES GARCÍA	0.04	0.02	0.00	0.00	0.06	0.00	0.00
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	0.07	0.01	0.00	0.00	0.08	0.00	0.00
MR JOSE MARÍA ALDECOA SAGASTASOLOA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. NESTOR BASTERRA LARROUDÉ	0.46	0.00	0.00	0.00	0.46	0.00	0.00

Name of director (person or company)	% voting rights attributed to the shares		% of voting rights from financial instruments		% total voting rights	% of voting rights that <u>can be transferred</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MS AGATHA ECHEVARRÍA CANALES	0.09	0.00	0.00	0.00	0.09	0.00	0.00
JAIME REAL DE ASUA Y ARTECHE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR SANTIAGO DOMEQ BOHORQUEZ	0.00	5.26	0.00	0.00	5.26	0.00	0.00
MR JUAN MARCH DE LA LASTRA	0.00	0.04	0.00	0.00	0.04	0.00	0.00
MS LAURA GONZÁLEZ MOLERO	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Total % of voting rights of the Board of Directors:

6.12

Details of the indirect investment:

Name of director (person or company)	Name or company name of the direct shareholder	% voting rights attributed to the shares	% of voting rights from financial instruments	% total voting rights	% of voting rights that <u>can be transferred</u> through financial instruments
MR JOSÉ ANTONIO CANALES GARCÍA	OTHER COMPANY SHAREHOLDERS	0.02	0.00	0.02	0.00
MR IGNACIO MARCO - GARDOQUI IBAÑEZ	PROMOCIONES GARDAL XXI, S.L.	0.01	0.00	0.01	0.00
MR JUAN MARCH DE LA LASTRA	ATACAMPA S.A.	0.04	0.00	0.04	0.00
MR SANTIAGO DOMEQ BOHORQUEZ	ANGUSTIAS Y SOL S.L.	5.26	0.00	5.26	0.00

- A.4.** Describe, if applicable, the family, commercial, contractual or corporate relationships between significant shareholders, to the extent known to the Company, unless they are immaterial or result from the ordinary course of business, except those shown in the section A.6:

Related name (person or company)	Type of relationship	Short description
N/D		

- A.5.** Where applicable, indicate any commercial, contractual or corporate relationships between holders of significant shareholdings, and the company and/or its group, unless they are of little relevance or due to ordinary trading or exchange activities:

Related name (person or company)	Type of relationship	Short description
N/D		

- A.6.** Describe the relationships, unless they are scarcely relevant to the two parties, between the significant shareholders or those represented on the board, and the directors, or their representatives, in the case of legal entity administrators.

Explain, if applicable, how significant shareholders are represented. Specifically, indicate the directors who have been appointed on behalf of significant shareholders, those whose appointment would have been encouraged by significant shareholders, or those who are linked to significant shareholders and/or entities of their group, with a specification of the nature of such associating relationships. In particular, mention, where appropriate, the existence, identity and position of board members, or representatives of directors of the listed company who are, in turn, members of the administrative body, or their representatives, in companies that hold significant shareholdings of the listed company or in entities of the group of said significant shareholders.

Name or company name of the associated director or representative	Name or company name of the related significant shareholder	Company name of the significant shareholder's group company	Relationship/position description
MR JOSE DOMINGO DE AMPUERO Y OSMA	CORPORACIÓN FINANCIERA ALBA S.A.	CORPORACIÓN FINANCIERA ALBA S.A.	Corporate. José Domingo de Ampuero y Osma is a Member of the Board of Directors of Corporación Financiera Alba S.A.
MR JUAN MARCH DE LA LASTRA	CORPORACIÓN FINANCIERA ALBA S.A.	CORPORACIÓN FINANCIERA ALBA S.A.	Corporate. Juan March de Lastra is Vice Chairman of the Board of Directors of Corporación Financiera Alba S.A. and therefore holds the position of nominee director.

Name or company name of the associated director or representative	Name or company name of the related significant shareholder	Company name of the significant shareholder's group company	Relationship/position description
MR SANTIAGO DOMEQ BOHORQUEZ	ANGUSTIAS Y SOL S.L.	ANGUSTIAS Y SOL S.L.	Corporate. Santiago Domecq holds 100% of the Share Capital of Angustias y Sol S.L. and therefore holds the position of nominee director.

A.7. Indicate whether the company has been informed of any shareholder agreements that may affect it as set out under articles 530 and 531 of the Corporate Enterprises Act. Where applicable, briefly describe them and list the shareholders bound by such agreement:

☐ Yes
☒ No

Indicate whether the company is aware of the existence of concerted actions amongst its shareholders. If so, describe them briefly:

☐ Yes
☒ No

Expressly indicate whether any of such agreements, arrangements or concerted actions have been modified or terminated during the fiscal year:

A.8. Indicate whether any person or organisation exercises or may exercise control over the company pursuant to article 5 of the Securities Exchange Act. If so, identify names:

☐ Yes
☒ No

A.9. Fill in the following tables about the Company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
150,000		0.32

(*) Through:

name or company name of the direct shareholder	Number of direct shares
N/D	

Explain the significant changes that occurred during the year:

Explain the significant changes
<p>1) In January 2019, the Company redeemed 103,682 treasury shares.</p> <p>2) Subsequently, during 2019, within the framework of the Long Term Incentive Plan for the period 2019-2021 (notified to the CNMV on 30 July 2019 under registration number 280891) the Company acquired 150,000 treasury shares under the current authorisation granted by the General Meeting of Shareholders of 25 May 2018.</p>

A.10. Describe the conditions and term of the current mandate from the general shareholders' meeting to the Board of Directors to issue, buy back and transfer treasury shares.

<p>Extract of the Minutes of the General Shareholders Meeting held on 25 May 2018 on second call, the following resolution was adopted by majority:</p> <p>The proposal is to authorise the Board of Directors to buy and sell on the market, through the person, Company or institution that it deems advisable, shares in the Company at the market price on the transaction date, for the maximum number of shares permitted by the Corporate Enterprises Act and related provisions, with the minimum price not being below the nominal value or more than 15% higher than the share price listed on the Spanish Automated Quotation System at the time of the acquisition.</p> <p>The proposed authorisation has a maximum as established by law, from the date of the resolution and is granted to the Board subject to existing legal restrictions on the purchase of treasury shares and, more specifically, those restrictions contained in articles 146 and 509 of the Corporate Enterprises Act.</p> <p>In the event of the Board needing to avail itself of the authorisation granted to it by the General Shareholders' Meeting, the shares in the Company's portfolio would be subject to the regime laid down by article 148 of the aforementioned law.</p> <p>It is also proposed that the Board of Directors be delegated to carry out the redemption of the shares acquired by virtue of this authorisation, by means of a reduction in the Company's capital, determining their amount and their destination, all in accordance with the provisions established in current legislation.</p> <p>It is expressly noted that this acquisition of own shares also entails the possibility that the acquisition shall have as its object and purpose, in addition to what is indicated above, their delivery directly to the workers and/or directors of the company, or as a result of option rights held by them. Therefore this resolution of the General Meeting states that the authorization is also granted with for this purpose, in accordance with the provisions of Article 146.1.a) third paragraph of the aforementioned law.</p>
--

A.11. Estimated floating capital:

	%
Estimated floating capital	53.28

A.12. Indicate whether there is any restriction (statutory, legislative or of any other nature) on the transferability of securities and/or any restriction on voting rights. In particular, report the existence of any type of restrictions that may make it difficult to take control of the company through the acquisition of its shares in the market, as well as authorisation or prior notice systems that are applicable to the acquisitions or transfers of the company's financial instruments by sectoral regulations.

☐ Yes
☒ No

A.13. Indicate whether the General Meeting has agreed to adopt measures to neutralise a public takeover bid, pursuant to Act 6/2007.

☐ Yes
☒ No

If so, explain the measures approved and the terms and conditions under which the restrictions would become inefficient:

A.14. Indicate whether the company has issued securities that are not traded on a regulated market in the EU.

☐ Yes
☒ No

Where applicable, indicate the different types of shares, and what rights and obligations each share class confers.

B. GENERAL SHAREHOLDER'S MEETING

B.1. Indicate and, if applicable, explain whether there are differences with the minimum requirements set out in the Corporate Enterprises Act ("CEA") in connection with the quorum needed to hold a valid General Shareholders' Meeting.

☐ Yes
☒ No

B.2. Indicate, and where applicable give details, whether there are any differences from the minimum standards established under the Corporate Enterprises Act (CEA) for the adoption of corporate resolutions:

☐ Yes
☒ No

B.3. Indicate the rules applicable to amendments to the company by-laws. In particular, report the majorities established for amending the Bylaws, and, if applicable, the rules established to safeguard member rights when amending the Bylaws.

There is no specific regulation for amending the bylaws other than that provided for by applicable regulations concerning the requirements established by art. 194 of the Corporate Enterprise Act for a reinforced quorum and by the remaining provisions of section VIII "Amendment of the bylaws" of the aforementioned act.

The requirements for passing resolutions set forth in article 20 of the Bylaws and articles 18 and 22 of the Regulations of the General Shareholders' Meeting match those stated above.

B.4. Indicate the data on attendance at the general shareholders' meetings held the year to which this report refers and the previous two years:

General Shareholders Meeting Date	Attendance information				
	% of attendance in person	% in proxy	% voting remotely		Total
			Electronic vote	Other	
27/04/2017	17.20	21.53	0.00	40.39	79.12
Of floating capital	0.26	21.53	0.00	24.82	46.61
25/05/2018	18.22	53.83	0.00	8.31	80.36
Of floating capital	0.54	44.62	0.00	5.10	50.26
12/04/2019	19.67	38.30	0.00	24.50	82.47
Of floating capital	0.60	38.30	0.00	8.88	47.78

B.5. Indicate whether there have been any items on the agenda at the general meetings held during the year that, for any reason, have not been approved by the shareholders.

☐ Yes
☒ No

B.6. Indicate if there is a statutory restriction that establishes a minimum number of shares necessary to attend the general shareholders' meeting, or to vote remotely.

☒ Yes
☐ No

Number of shares necessary to attend the General Shareholders' meeting:	100
Number of shares necessary to vote remotely	1

- B.7.** Indicate whether it has been established that certain decisions, other than those established by law, involving an acquisition, transfer, contribution of essential assets to another company or other similar corporate operations must be submitted for the approval of the general shareholders' meeting.

☐ Yes
☒ No

- B.8.** Indicate the address and means of access through the company website to the information on corporate governance and other information on the general meetings that must be made available to shareholders on the company's website.

The information is published on Viscofan's website whose address is: www.viscofan.com

The information relating to Corporate Governance is available on the Corporate Responsibility tab, which can be found at the top of the website homepage. Once inside the tab, the information can be accessed by clicking on Corporate Governance to be found in the menu on the left.

The information relating to the General Shareholders Meetings is available on the Investor Relations tab, located at the top of the website homepage. Once inside the tab, the information can be accessed by selecting the General Shareholders' Meeting section. Moreover, as of the date of publication of the notice to hold a new General Meeting, a direct link is enabled on the company's Home Page where the notice of meeting is found. In accordance with the shareholders' right to information, there is also access to legally-required documentation and other documentation for information purposes.

C. CORPORATE GOVERNANCE STRUCTURE

C.1. Board of directors

C.1.1 Maximum and minimum number of directors established in the bylaws and the number set by the general meeting:

Maximum number of Directors	12
Minimum number of Directors	5
Total number of Directors set by the board	10

C.1.2 Fill in the following table on the Board members:

Name of director (person or company)	Representative	Type of directorship	Position on the board	Date first elected	Date of last election	Election procedure
MS LAURA GONZÁLEZ MOLERO		Independent	DIRECTOR	25/05/2018	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR JUAN MARCH DE LA LASTRA		Nominee	DIRECTOR	07/05/2015	12/04/2019	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR IGNACIO MARCO - GARDUQUI IBAÑEZ		Independent	VICE CHAIRMAN	01/01/2010	21/04/2016	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR JOSE DOMINGO DE AMPUERO Y OSMA		Executive	CHAIRMAN	27/02/2009	12/04/2019	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
JAIME REAL DE ASUA Y ARTECHE		Independent	DIRECTOR	11/04/2014	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR JOSE MARÍA ALDECOA SAGASTASOLOA		Independent	INDEPENDENT LEAD DIRECTOR	23/05/2012	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING

Name of director (person or company)	Representative	Type of directorship	Position on the board	Date first elected	Date of last election	Election procedure
MS AGATHA ECHEVARRÍA CANALES		Other External	DIRECTOR	24/06/1998	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR. NESTOR BASTERRA LARROUDÉ		Other External	DIRECTOR	29/07/1997	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR JOSÉ ANTONIO CANALES GARCÍA		Executive	DIRECTOR	11/04/2014	25/05/2018	VOTE AT THE GENERAL SHAREHOLDERS' MEETING
MR SANTIAGO DOMEQ BOHORQUEZ		Nominee	DIRECTOR	21/04/2016	21/04/2016	VOTE AT THE GENERAL SHAREHOLDERS' MEETING

Total number of Directors	10
---------------------------	----

Indicate the severances that have occurred as a result of resignation, dismissal or any other cause on the Board of Directors during the reporting period.

Name of director (person or company)	Condition of director at time of severance	Date of last election	Date of leaving	Specialised committee's he/she belonged to	Indicate whether they left before the end of their term
N/D					

C.1.3 Fill in the following tables on the Board members and their different kinds of directorship:

EXECUTIVE BOARD MEMBERS		
Name of director (person or company)	Position within company organisation	Profile
MR JOSE DOMINGO DE AMPUERO Y OSMA	EXECUTIVE CHAIRMAN	Industrial Engineer from Bilbao's Higher School of Industrial Engineers and Master of Business Administration from the University of Southern California in Los Angeles, the United States. His extensive professional career has led him to hold various important positions, such as Vice-Chairman of Naviera Vizcaína, Chairman of S.A. de Alimentación, Vice-Chairman of BBVA Bancomer (México), Chairman of Bodegas y Bebidas, Vice-Chairman of Banco Bilbao Vizcaya Argentaria S.A., Vice-Chairman of Iberdrola, Chairman of Cementos Lemona S.A.,

EXECUTIVE BOARD MEMBERS		
Name of director (person or company)	Position within company organisation	Profile
		Director of Tubacex and member of the Board of Directors of the Asociación para el Progreso de la Dirección. He is currently Chairman of Autopista Vasco-Aragonesa S.A. and director of Corporación Financiera Alba. Amongst other business activities, he is member of the Basque Business Circle, and its former chairman, member of the Board of Caridad de la Santa y Real Casa de Misericordia of Bilbao, and its former chairman. He is the Executive Chairman of Viscofan S.A.
MR JOSÉ ANTONIO CANALES GARCÍA	CEO	Degree in Economics and Business from Deusto Business School, Advanced course of studies in International Transport & Distribution at the London School of Foreign Trade. He has in-depth knowledge of the casings business, thanks to his experience within the Viscofan Group, which he joined in 1996 as Managing Director of Viscofan do Brasil, where he led the expansion of the Viscofan Group in South America until his appointment in 2006 as Managing Director of Viscofan, S.A. and the Group of companies of which it is the parent company, a position he currently holds, and from which he has significantly contributed to strengthening Viscofan's leadership and its international expansion. He was a member of the Board of Directors of Maxam Corporation Holding, S.L until June 2019 and board member representing Viscofan Group in Fundación Cetena (CEMITEC). He is also a member of the Board of Directors of Asociación Centro Rafaela María de Acción Social, for the integration of people with disabilities in Vizcaya. In 2014 he joined the Board of Directors of Viscofan S.A. as Executive Director.

Total number of Executive Directors	2
% of total directors	20.00

EXTERNAL PROPRIETARY DIRECTORS		
Name of director (person or company)	Name or business name of the significant shareholder represented or proposing nomination	Profile
MR JUAN MARCH DE LA LASTRA	CORPORACIÓN FINANCIERA ALBA S.A.	Degree in Administration and Business Management from Universidad Carlos III of Madrid. He has completed the Global Markets Training Program of J. P. Morgan and the Owner/President Management Program of Harvard Business School. He has developed his professional career at J.P. Morgan, London/Madrid. He was General Manager and Chairman of March Asset Management SGIC, Madrid. He is currently Executive Chairman of Banca March S.A., Vice-Chairman of Corporación Financiera Alba S.A. and Board Member of the Juan March Foundation. Likewise, he was member of the Board of Directors and the Executive Committee of ACS, of the Board of Directors of Acerinox, S.A and of the Strategic Committee of Indra Sistemas, S.A. Proprietary Director of Viscofan, S.A, representing Corporación Financiera Alba S.A. and member of its Appointments and Remuneration Committee.

EXTERNAL NOMINEE DIRECTORS		
Name of director (person or company)	Name or business name of the significant shareholder represented or proposing nomination	Profile
MR SANTIAGO DOMEQ BOHORQUEZ	ANGUSTIAS Y SOL S.L.	He has studies at the School of Economic and Business Sciences of Universidad Pontificia Comillas-ICADE (Madrid) and at the School of Economic and Business Sciences of the University of Cádiz (UCA). Specialisation course in Managing Agrifood Companies (DEA) at the International Institute San Telmo (Seville). Throughout his broad professional experience as a businessman he was, among others, Director of Coca-Cola Iberian Partners, S.L. until 2015, and prior to that, from 1997 Director of Refrescos Envasados del Sur, S.A. (RENDELSUR), a company that joined Coca-Cola Iberian Partners S.L. in 2013. Currently he is Director of Algar Aguas de Cádiz, S.A., Member of the Provincial Board of Cádiz, Member of the Natural Park of Los Alcornocales and Member of the Provincial Environment Council. He is the Sole Director of Angustias y Sol, S.L. and of its group of subsidiary companies operating in the financial, agriculture and livestock sectors, among others. Nominee Director of Viscofan, representing Angustias y Sol S.L., and member of its Audit Committee.

Total number of nominee directors	2
% of total directors	20.00

EXTERNAL INDEPENDENT DIRECTORS	
Name of director (person or company)	Profile
MS LAURA GONZÁLEZ MOLERO	Holds a Degree in Pharmacy, industrial specialisation, from the Universidad Complutense de Madrid and an Executive MBA from IE Business School awarded in 1999. She has held senior executive positions in major international corporations in the Healthcare and Chemical sectors in Europe. She was Chairwoman for Latin America at Merck Serono Biopharmaceuticals and Bayer Healthcare, having resided in Brazil and the United States, where she was responsible for more than two thousand five hundred employees and managed business figures in excess of one billion dollars, which has made her an international benchmark in these sectors. Her work as an executive has been rewarded on numerous occasions. She was an independent director of Viscofan between 2010 and 2016. She is currently an independent director of Acerinox SA, Bankia SA and Ezentis SA, member of the Advisory Council of ISS in Spain, President of APD, member of Women Corporate Directors and the International Women Forum among others. She is member of the Board of Directors of Viscofan SA and member of its Audit Committee.

EXTERNAL INDEPENDENT DIRECTORS	
Name of director (person or company)	Profile
MR IGNACIO MARCO - GARDUQUI IBAÑEZ	Economics degree from Deusto University. Mr. Marco-Gardoqui has a long professional career, he has worked for financial institutions, and his activities have covered teaching, consulting, and great recognition in the press world, where he has a strong reputation for his active contribution as an economic expert and columnist for Vocento Group. He also has developed wide experience in several industrial companies, belonging to several Board of Directors; Currently he is director of Minerales y Productos Derivados and Teknia Group. He was a director of Tubacex and Progénika Biopharma until 2018, and he used to be on the Boards of Directors, among others, of Técnicas Reunidas, Banco del Comercio, IBV, Local Credit Bank, Schneider Electric Spain, Iberdrola Ingeniería y Construcción (Iberinco SA) and Chairman of Naturgás. He is the Vice Chairman of the Board of Directors of Viscofan S.A. and Chairman of its Audit Committee.
JAIME REAL DE ASUA Y ARTECHE	Industrial engineer, specialising in industrial organisation from the ETSII (Bilbao). He is currently Non Executive Chairman of the Board of Directors of Elecnor S.A., Chairman of its Executive Committee and member of its Appointments and Remuneration Committee. He is also Chairman of the Committee of Elecnor Infraestructuras and Director of Enerfin Sociedad de Energía, S.L., belonging to the Elecnor Group, Director of Cantiles XXI, S.L. and Tasdey S.A. and member of the BBVA Advisory Board of the Northern Zone. He has also been Chairman and Director of Adhorna Prefabricación S.A. until its takeover merger by Elecnor in 2015, and of Celeo Concesiones e Inversiones, S.L.U., as well as of the Elecnor Group. From 1987 to 2012 he was director of Internacional de Desarrollo Energético, S.A. (IDDE). At the same time, from 1981 until 2011 he was linked to Grupo Cementos Portland Valderrivas, where he held different management positions and was a member of the Board of Directors of various companies of this Group. He is member of the Board of Directors of Viscofan, S.A. and Chairman of its Appointments and Remuneration Committee.
MR JOSE MARÍA ALDECOA SAGASTASOLOA	Technical Engineer in Electronics from the University of Mondragón and Senior Business Management Programme from IESE. Throughout his long professional career, he has held various posts at Copreci (1971-1982), Managing Director of Fagor Electrónica and member of the Board of Directors of Fagor, S. Coop. (1982-1991). Between 1984 and 1991 he was Vice President of ANIEL (National Association of Electronic Industries) and a member of the Board of Directors of the European Electronic Components Association (EECA). Since 1992 he continued his professional career in MONDRAGON CORPORACION as Vice-Chairman (1992-2006), managing the Components Division (1992-1999) and the Automotive Division (1999-2006). In 2007 he was appointed Chairman, a position he held until July 2012. He has extensive experience in the international industrial world, especially in the Asian region, including the creation of Fagor Electrónica in Hong Kong and Thailand and the integration of production plants in the Kunshan industrial park in China. He has been a Director of several component and automotive companies (Copreci in the Czech Republic and Mexico), Fagor Ederlan in Brazil and Slovakia, Paranoa-Cicautxo in Brazil, FPK, Chairman of Vitorio Luzuriaga) and the position of member (1992-2006) and Chairman (2007-2012) of MONDRAGON INVERSIONES. He was an independent director and member of the Executive Committee of Gamesa Corporación Tecnológica, S.A. from 2012 to 2017. He is member of the Board of Directors of Viscofan, S.A. of the Audit Committee and of the Appointments and Remuneration Committee. In 2014 he was appointed as Coordinating Director.

EXTERNAL INDEPENDENT DIRECTORS	
Name of director (person or company)	Profile
	Corporación Tecnológica SA. He is member of the Board of Directors of Viscofan, S.A, of the Audit Committee and of the Appointments and Remuneration Committee. In 2014 he was appointed as Coordinating Director.

Total number of Independent Directors	4
% of total directors	40.00

Indicate whether any director considered an independent director is receiving from the company or from its group any amount or benefit under any item that is not the remuneration for his/her directorship, or maintains or has maintained over the last year a business relationship with the company or any company in its group, whether in his/her own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

Where applicable, include a reasoned statement from the Board with the reasons why it deems that this director can perform his/her duties as an independent director.

Name of director (person or company)	Description of the relationship	Motivated declaration
N/D		

OTHER EXTERNAL DIRECTORS			
Identify all other external Directors and explain why these cannot be considered proprietary or independent Directors and detail their relationships with the company, its executives or its shareholders:			
Name of director (person or company)	Reasons	Company, officer or shareholder to which Director has ties	Profile
MR. NESTOR BASTERRA LARROUDÉ	For having remained on the Board of Directors for more than 12 years	-----	Law degree and Economics graduate from the University of Deusto. He also holds an MBA from IESE. He has spent most of his professional career working in banking, both internationally and in Spain, as head of the Capital Market and Corporate Banking departments in Bank of America and Banco Santander. He is currently the Vice-chairman of Iberpapel Gestión S.A. and Board Member of Amistra SGIIC S.A. Member of the Board of Directors of Viscofan, S.A, and of its Appointments and Remuneration Committee.

OTHER EXTERNAL DIRECTORS			
Identify all other external Directors and explain why these cannot be considered proprietary or independent Directors and detail their relationships with the company, its executives or its shareholders:			
Name of director (person or company)	Reasons	Company, officer o shareholder to which Director has ties	Profile
MS AGATHA ECHEVARRÍA CANALES	For having remained on the Board of Directors for more than 12 years	-----	Law degree and Business Studies graduate from Universidad Pontificia de Comillas (ICADE). She has broad professional experience in a number of multi-nationals, including the audit firm Touche and Ross, S.A., British Petroleum España, S.A. and the investment bank Charterhouse Limited in which she was Managing Director and Director of its Spanish subsidiary and founder and director of D+A Documentación y Análisis S.A. She has advised family businesses on their business strategies and is currently a Board Member of Papelera Guipuzcoana de Zicuñaga, SA and Banca March SA, forming part of its Audit Committee and the Global Risk and Technological Change Committee. She is member of the Board of Directors of Viscofan SA and member of its Audit Committee.

Total number of other external directors	2
% of total directors	20.00

Indicate any changes that may have occurred during the period in the type of directorship of each director:

Name of director (person or company)	Date of the change	Former category	Current category
N/D			

C.1.4 Fill in the following table with information regarding the number of female directors at year-end over the last 4 years, and the category of their directorships.

	Number of female directors				% of total female directors of each category			
	Year 2019	Year 2018	Year 2017	Year 2016	Year 2019	Year 2018	Year 2017	Year 2016
Female Executives					0.00	0.00	0.00	0.00
Female Proprietary Directors					0.00	0.00	0.00	0.00
Independent	1	1			25.00	25.00	0.00	0.00
Other external	1	1	1	1	50.00	50.00	50.00	50.00
Total	2	2	1	1	20.00	20.00	10.00	10.00

C.1.5 Indicate whether the company has diversity policies in relation to the company's board of directors with regard to issues such as age, gender, disability, or professional training and experience. As a minimum, small and medium-sized companies, in accordance with the definition contained in the Accounts Auditing Law, will have to inform of the policy they have established in relation to gender diversity.

- ☐ Yes
☐ No
☒ Partial policies

If you have ticked yes, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results during the year. The specific measures adopted by the board of directors and the appointments and remuneration committee should also be indicated to achieve a balanced and diverse presence of directors.

In case the company does not apply a diversity policy, explain the reasons why.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained

The Viscofan Group does not have a specific policy on diversity of the Board of Directors; however, this subject is regulated by the policy of Directors Selection and the Regulations of the Board of Directors.

The Policy on Selection of Directors establishes the principle of equality. Based on this, all candidates shall have the right to be considered for any vacancy produced in the Board, in accordance with objective criteria avoiding any implicit bias that may imply some discrimination, due to nationality, race, sex, ideology or any other aspect beyond their competencies, knowledge and professional experience.

Likewise, pursuant to the principle of legality of this Policy, it establishes that account will be taken of measures to be applied to establish a representation objective for the less represented sex on the Board of Directors and to facilitate the inclusion of female directors.

It also establishes that in the process of finding candidates, the Appointments and Remuneration Committee will take into account the diversity and, more specifically, the objective of representation that has been established for the less represented gender on the Board of Directors, including people of that gender from among potential candidates who meet the professional profile sought.

At the same time, the Board of Directors Regulations contains in article 8 that the Board shall ensure that the selection procedures for their members favour diversity of gender, experience and knowledge and do not have an implicit bias that may imply any discrimination and, in particular, that facilitates the selection of directors.

In this aspect the regulation includes the need for establishing an objective of representation for the least represented sex in the board of directors and the drafting on how to reach this objective, mission of the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee, following the process of evaluation of the Board and the Committees for the 2018 financial year, proposed to the Board of Directors and the Board agreed that it would be appropriate to submit to the 2020 General Meeting of Shareholders an increase in the number of directors to 11 members and, particularly, in accordance with the Policy for the Selection of Directors and the diversity objectives, it was deemed appropriate to identify female candidates as the less represented gender on the Board, so that the percentage of women would reach 27.27%.

- C.1.6** Explain the measures, if any, agreed by the Appointments Committee to ensure that selection procedures do not suffer from implicit biases that may hinder the selection of female directors, and that the company deliberately seeks and includes potential female candidates, who meet the professional profile sought and that allows for reaching a balanced presence of women and men:

Explanation of measures

See previous point

When, despite any measures that might have been adopted, the number of female directors is low or zero, explain the reasons:

Explanation of reasons

-

- C.1.7** Explain the conclusions of the Appointments Committee regarding verification of compliance with the board member selection policy. And, in particular, explain how this policy is fostering the goal for 2020 to have the number of female board members represent at least 30% of the total number of members of the board of directors.

The Appointments and Remuneration Committee considers that the director selection policy has been properly complied with, for a number of reasons: all the proposals made to the General Shareholders' Meeting were supported by a prior analysis of the needs of the Board, taking account of the competencies, knowledge and experience of the board members and candidates, valuing diversity, promoting the search for different alternatives for candidates that suit the profile, and performing the selection process in accordance with the principles set out in the said policy.

The Committee considers that there is a need to analyse the implementation of the policy on a yearly basis, and also in the longer term, taking account of any projected vacancies, based on the director term of appointment, in order to guarantee at all times the quality of the Board's decisions and its ability to effectively promote corporate interest. In this regard, the Committee works by taking into account the 2020 objective. In fact, in the appointment proposals for the 2018 General Meeting, Laura González-Molero was proposed and finally appointed as director, increasing the number of female directors to 20%.

In addition, the Committee is working to propose that the number of female directors be increased at the 2020 General Meeting of Shareholders.

- C.1.8** Explain, where applicable, the reasons why nominee directors have been appointed at the behest of a shareholder whose holding is less than 3% of the capital:

Name or company name of the shareholder	Reasons
N/D	

Indicate whether formal petitions have been ignored for presence on the Board from shareholders whose holding is equal to or higher than that of others at whose behest proprietary directors were appointed. Where applicable, explain why these petitions have been ignored:

☐ Yes
☒ No

C.1.9 Indicate, if any, the powers and faculties delegated by the board of directors to board members or board committees.

Name of director (person or company) or committee	Short description
JOSE DOMINGO DE AMPUERO Y OSMA	In his role as Chairman of the Board, he has granted powers of representation, powers relating to the purchase or sale, powers relating to personnel, to charges, payments, contracts, auctions and transactions, to checking accounts, credit or savings, to bills of exchange and promissory notes, securities, guarantees, and supplementary powers to the previous.
JOSE ANTONIO CANALES GARCIA	In his position as Managing Director, he has been granted powers of representation, powers relating to purchase or disposal, powers relating to personnel, collections, payments, contracts, tenders and transactions, current accounts, credit and savings accounts, bills of exchange and promissory notes, securities and shares, bonds and guarantees, and complementary powers to the above.

C.1.10 Identify any members of the Board holding positions as directors, representatives of directors or managers in other companies belonging to the listed company's group:

Name of director (person or company)	Name of the Group Company	Position	Does the director hold executive functions?
MR JOSÉ ANTONIO CANALES GARCÍA	VECTOR USA INC	VICE CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VECTOR PACKAGING EUROPE NV	VICE CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VECTOR EUROPE NV	VICE CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	NANOPACK TECHNOLOGY & PACKAGING S.L.	CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	KOTEKS VISCOFAN D.O.O.	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	NATURIN VISCOFAN GMBH	DIRECTOR	YES
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN CZ S.R.O.	DIRECTOR	YES

Name of director (person or company)	Name of the Group Company	Position	Does the director hold executive functions?
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL LTDA	MEMBER OF THE ADVISORY BOARD	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN URUGUAY S.A.	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN USA INC	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN UK LIMITED	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN CANADA INC	SECRETARY	NO
MR JOSÉ ANTONIO CANALES GARCÍA	ZACAPU POWER S. DE R.L. DE C.V.	VICE CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN CENTROAMÉRICA COMERCIAL SOCIEDAD ANÓNIMA	SECRETARY	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN DE MEXICO S. DE R.L. DE C.V.	VICE CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN DE MEXICO SERVICIOS S. DE R.L. DE C.V.	VICE CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	SUPRALON VERPACKUNGS AG	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	SUPRALON FRANCE SARL	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	SUPRALON PRODUKTIONS UND VERTRIEBS GMBH	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN GLOBUS AUSTRALIA PTY LTD	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN GLOBUS NEW ZEALAND LTD	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	JUPITER PTY LTD	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN COLLAGEN USA INC.	VICE CHAIRMAN	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN COLLAGEN CANADA INC.	VICE CHAIRMAN	NO

Name of director (person or company)	Name of the Group Company	Position	Does the director hold executive functions?
MR JOSE DOMINGO DE AMPUERO Y OSMA	KOTEKS VISCOFAN D.O.O.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN CANADA INC	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VECTOR USA INC	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN CENTROAMÉRICA COMERCIAL SOCIEDAD ANÓNIMA	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VECTOR PACKAGING EUROPE NV	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VECTOR EUROPE NV	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN USA INC	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL LTDA	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN CZ S.R.O.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	NATURIN VISCOFAN GMBH	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN UK LIMITED	DIRECTOR	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN DE MEXICO S. DE R.L. DE C.V.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	ZACAPU POWER S. DE R.L. DE C.V.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN DE MEXICO SERVICIOS S. DE R.L. DE C.V.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN URUGUAY S.A.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	SUPRALON VERPACKUNGS AG	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	SUPRALON FRANCE SARL	DIRECTOR	NO

Name of director (person or company)	Name of the Group Company	Position	Does the director hold executive functions?
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN GLOBUS AUSTRALIA PTY LTD	DIRECTOR	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN GLOBUS NEW ZEALAND LTD	DIRECTOR	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	JUPITER PTY LTD	DIRECTOR	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN COLLAGEN USA INC.	CHAIRMAN	NO
MR JOSE DOMINGO DE AMPUERO Y OSMA	VISCOFAN COLLAGEN CANADA INC.	CHAIRMAN	NO
MR. NESTOR BASTERRA LARROUDÉ	KOTEKS VISCOFAN D.O.O.	VICE CHAIRMAN	NO
MR. NESTOR BASTERRA LARROUDÉ	VECTOR USA INC	DIRECTOR	NO
MR. NESTOR BASTERRA LARROUDÉ	VECTOR PACKAGING EUROPE NV	DIRECTOR	NO
MR. NESTOR BASTERRA LARROUDÉ	VECTOR EUROPE NV	DIRECTOR	NO
MR. NESTOR BASTERRA LARROUDÉ	VISCOFAN USA INC	VICE CHAIRMAN	NO
MR. NESTOR BASTERRA LARROUDÉ	VISCOFAN DO BRASIL SOCIEDADE COMERCIAL E INDUSTRIAL LTDA	MEMBER OF THE ADVISORY BOARD	NO
MR. NESTOR BASTERRA LARROUDÉ	VISCOFAN CZ S.R.O.	VICE CHAIRMAN	NO
MR. NESTOR BASTERRA LARROUDÉ	VISCOFAN TECHNOLOGY SUZHOU CO. LTD.	DIRECTOR	NO
MR. NESTOR BASTERRA LARROUDÉ	NATURIN VISCOFAN GMBH	VICE CHAIRMAN	NO
MR. NESTOR BASTERRA LARROUDÉ	VISCOFAN URUGUAY S.A.	VICE CHAIRMAN	NO
MR. NESTOR BASTERRA LARROUDÉ	SUPRALON VERPACKUNGS AG	DIRECTOR	NO
MR. NESTOR BASTERRA LARROUDÉ	SUPRALON FRANCE SARL	DIRECTOR	NO
MS AGATHA ECHEVARRÍA CANALES	SUPRALON VERPACKUNGS AG	DIRECTOR	NO
MR JOSÉ ANTONIO CANALES GARCÍA	VISCOFAN (THAILAND) CO. LTD	DIRECTOR	NO
MR JOSÉ DOMINGO DE AMPUERO Y OSMA	VISCOFAN (THAILAND) CO. LTD	DIRECTOR	NO

C.1.11 Detail, where applicable, any company directors or representatives of legal entity directors that are members of the board of directors or representatives of legal entity directors of other companies publicly traded on regulated securities markets outside the company's own group, of which the company has been informed:

Name of director (person or company)	Company name of the listed company	Position
MS LAURA GONZÁLEZ MOLERO	BANKIA SA	DIRECTOR
MS LAURA GONZÁLEZ MOLERO	EZENTIS SA	DIRECTOR
MS LAURA GONZÁLEZ MOLERO	ACERINOX S.A.	DIRECTOR
MR JUAN MARCH DE LA LASTRA	CORPORACIÓN FINANCIERA ALBA SA	VICE CHAIRMAN
MR JOSE DOMINGO DE AMPUERO Y OSMA	CORPORACIÓN FINANCIERA ALBA SA	DIRECTOR
JAIME REAL DE ASUA Y ARTECHE	ELECNOR SA	CHAIRMAN
MR. NESTOR BASTERRA LARROUDÉ	IBERPAPEL GESTION SA	VICE CHAIRMAN
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	MINERALES Y PRODUCTOS DERIVADOS S.A.	VICE CHAIRMAN

C.1.12 Indicate and, if applicable, explain whether the Company has established rules regarding the maximum number of boards of directors of which its directors may be members, identifying, if applicable, where this is regulated:

[☒] Yes
[☐] No

Explanation of the rules and identification of the document where it is regulated

According to that established in article 23 of the Board of Directors Regulations the directors of the Company may not form part of more than three Board of Directors of listed companies, in addition to that of Viscofan, S.A.

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the board of directors:

Remuneration accrued during the year in favour of the Board of Directors (thousands of euros)	2,995
Cumulative amount of rights of current Directors in pension scheme (thousands of euros)	
Cumulative amount of rights of former Directors in pension scheme (thousands of euros)	

C.1.14 Identify members of senior management that are not in turn executive directors, and indicate the total remuneration accruing to them during the year:

Name (person or company)	Position(s)
MR JOSÉ ÁNGEL ARRARÁS	CHIEF R&D AND QUALITY OFFICER VISCOFAN GROUP
MR ANDRES DIAZ	CHIEF OPERATIONS OFFICER VISCOFAN GROUP
MR GABRIEL LARREA	CHIEF COMMERCIAL OFFICER VISCOFAN GROUP
MS MARÍA CARMEN PEÑA	CHIEF FINANCIAL OFFICER VISCOFAN GROUP
MR ÓSCAR PONZ	CHIEF PLASTICS DIVISION OFFICER VISCOFAN GROUP
MR ARMANDO ARES	CHIEF INVESTOR RELATIONS AND COMMUNICATIONS OFFICER VISCOFAN GROUP

DE VALORES		
MR CÉSAR ARRAIZA	CHIEF STRATEGY, ORGANISATION AND SYSTEMS OFFICER VISCOFAN GROUP	
MR ALEJANDRO BERGAZ	CHIEF INTERNAL AUDIT OFFICER VISCOFAN GROUP (from December)	
MR JOSE ANTONIO CORTAJARENA	CHIEF LEGAL OFFICER AND SECRETARY OF THE BOARD OF DIRECTORS VISCOFAN GROUP	
MR JAVIER GARCÍA	CHIEF INTERNAL AUDIT OFFICER VISCOFAN GROUP (until June)	
MR JOSÉ IGNACIO RECALDE	CHIEF DIVERSIFICATION AND TECHNOLOGY OFFICER VISCOFAN GROUP	
MR JUAN JOSÉ ROTA	CHIEF HUMAN RESOURCES OFFICER VISCOFAN GROUP	
MR RICARDO ROYO	CHIEF EUROPEAN BUSINESS OFFICER VISCOFAN GROUP	
MR EDUARDO AGUIÑAGA	GENERAL MANAGER MEXICO	
MR LUIS BERTOLI	GENERAL MANAGER BRAZIL	
MR JESUS CALAVIA	GENERAL MANAGER SPAIN	
MS BELÉN ALDAZ	HUMAN RESOURCES MANAGER SPAIN	
MR GUILLERMO EGUIDAZU	GENERAL MANAGER UNITED STATES	
MR MILOSLAV KAMIS	GENERAL MANAGER CZECH REPUBLIC	
MR. ANGEL MAESTRO	GENERAL MANAGER URUGUAY	
MR IÑIGO MARTINEZ	GENERAL MANAGER SERBIA	
MR JUAN NEGRI	GENERAL MANAGER ASIA PACIFIC	
MR WILFRIED SCHOBEL	GENERAL MANAGER GERMANY	
Total top management remuneration (thousands of euros)		4,587

C.1.15 Indicate whether there has been any change in the Board regulations during the year:

[☒] Yes
[☐] No

Description of amendments

In 2019 financial year, the Regulations of the Board of Directors were modified in order to assign to the Appointments and Remuneration Committee functions relating to the supervision of corporate governance and corporate social responsibility, which up to that date had been assigned to the Audit Committee.

This change affects the following articles of the Regulations of the Board of Directors:

Article 16. Appointments and Remuneration Committee or Committees.

The following powers have been added:

"m) Periodically evaluating the effectiveness of the Company's corporate governance system, to confirm that it is fulfilling its mission to promote the interests of the company and catering, as appropriate, to the legitimate interests of remaining stakeholders.

- n) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- o) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
- p) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
- q) Monitoring and evaluating the company's interaction with its various stakeholders."

Article 15. Audit Committee

The content of the following function is changed:

"H) Monitor the effectiveness and the operation of the Company's Compliance System", as opposed to the wording of the previous version: "H) Monitoring compliance with internal codes of conduct and rules on corporate governance."

The following powers have been removed:

- "I) Periodically evaluating the effectiveness of the Company's corporate governance system, to confirm that it is fulfilling its mission to promote the interests of the company and catering, as appropriate, to the legitimate interests of remaining stakeholders.
- J) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- K) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
- N) Overseeing the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders. Ñ) Monitoring and evaluating the company's interaction with its various stakeholders."

C.1.16 Indicate procedures for selection, appointment, re-election and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

This point has been answered in section H- OTHER INFORMATION OF INTEREST as the maximum size allowed by the electronic format of the CNMV has been exceeded.

C.1.17 Explain to what degree the self-assessment has led to significant changes in its internal organisation and the procedures applicable to its activities:

Description of amendments

As a result of the annual evaluation, the Board of Directors took the following measures in 2019, in addition to those carried out in previous years:

First, an increase in the number of directors from 10 to 11 will be proposed to the General Meeting of Shareholders in 2020 in order to strengthen the Board of Directors and increase both the number of independent directors and the less represented gender on the Board of Directors.

With regard to the conduct of the committees' activities, during 2019 they have been provided with internal organisation and operating regulations in accordance with the recommendations of the technical guidelines approved by the National Securities Market Commission; likewise, the Appointments and Remuneration Committee has now been assigned functions relating to the promotion, monitoring and supervision of corporate governance and corporate social responsibility policies.

In 2019, the Board of Directors continued to perform its essential task of devoting the necessary time to the analysis of the long-term strategy and, to this end, senior managers in various areas of relevance to the Group's long-term strategy participated and set out their vision at meetings of the Board of Directors.

Finally, it should be noted that in 2019 the Board of Directors drew up and implemented a programme to update directors' knowledge in accordance with Recommendation 30 of the CNMV's Code of Good Governance for Listed Companies, a programme that will continue in 2020 and subsequent years.

Describe the assessment process and the areas assessed by the board of directors, assisted, where applicable, by an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been subject to assessment.

Description of the assessment process and assessed areas

In compliance with article 18 of its Regulation, led by the Appointments and Remuneration Committee or by the lead director, in the case of the Executive Chairman, the Board will annually perform the assessment of the Board itself and of all its committees.

In 2019, in accordance with Recommendation 36 of the Code of Good Governance for listed companies, the Board of Directors engaged the external consultancy firm Korn Ferry to provide appropriate support and assistance in the performance of the evaluation process of the Board and its committees.

In order to carry out the evaluation exercise, it developed, under the auspices of the Appointments and Remuneration Committee, a questionnaire for each of the directors relating essentially to the following areas:

- Size and structure of the Board
- The Board's Mandate
- Team dynamics
- Fulfilment of mandate
- Administrative support and training
- Operation of committees

The process has also had a phase of personal interview of each director with the advisors, in which in an open and flexible way allows for adding further depth to the evaluation process and eliciting suggestions and observations that can be used to identify areas of improvement.

Lastly, the process ends with a phase of conclusions and identification of improvement plans, including the presentation by the lead partners of the consulting firm of their conclusions to the full Board of Directors.

C.1.18 For the years in which the assessment has been assisted by an external consultant, explain the business relationships that the consultant or any company of its group maintains with the company or any company of its group.

Currently with the company, the external consultant – Korn Ferry – only maintains in force the contract of the Board of Directors and committees to perform the self-assessment.

C.1.19 Indicate the circumstances under which Directors are obliged to resign.

In accordance with the provisions of art. 26 of the Regulations of the Board, with regard to the duty to avoid conflicts of interest, the directors shall inform the company and, where appropriate, shall resign, in cases in which the credit and reputation of the Company may be damaged and, in particular, in criminal proceedings in which they may appear as defendants, informing of the progress of any such prosecution. In this event, the Board shall study the case. The progress of the case shall be monitored and, in view of the same, a decision shall be taken as to whether or not the Director should continue in office.

Furthermore, according to article 30 of the Board of Director Regulations, Directors will serve at the pleasure of the Board of Directors and if the Board considers it appropriate, they will tender their resignation in the following cases:

- a) When they become subject to any of the disqualifications or prohibitions set down in law.
- b) When their remaining on the Board could undermine the Company's interests or when the reasons for which they were elected no longer apply.
- c) Directors representing a controlling shareholder will tender their resignations when the shareholder they represent sells a substantial part of its stake.

C.1.20 Are reinforced qualified majorities required, other than the legal majorities, for some type of resolution?

- ☐ Yes
☒ No

If applicable, describe the differences.

C.1.21 Explain whether there are specific requirements, other than those regarding directors, to be appointed Chairman of the Board of Directors.

- ☐ Yes
☒ No

C.1.22 Indicate whether the bylaws or the Board Regulations establish an age limit for directors:

☐ Yes
☒ No

C.1.23 Indicate whether the bylaws or the Board Regulations establish a limited term of office or other stricter requirements in addition to those legally provided for independent directors, other than that established by law:

☐ Yes
☒ No

C.1.24 Indicate whether the bylaws or the Board of Directors Regulations establish specific rules for proxy voting in the Board of Directors in favour of other directors, the way this is done and, in particular, the maximum number of proxies a director may have, and whether it has established any limit regarding the categories that may be delegated beyond the limits stipulated by legislation. If so, briefly give details on such standards.

Article 17, paragraph four of the Board of Directors Regulation states that:

Directors should attend any meetings that are held in person. However, the directors may grant a proxy to another director. Non-executive directors may only grant a proxy to another non-executive director.

C.1.25 Indicate the number of meetings the Board of Directors has held during the year. Where applicable, indicate how many times the Board has met without the Chairman in attendance. In calculating this number, proxies given with specific instructions will be counted as attendance.

Number of Board Meetings	12
Number of Board Meetings not attended by the Chairman	0

Indicate the number of meetings held by the coordinating director with the other directors that have not been attended or without representation by any executive directors:

Number Meetings	2
-----------------	---

Indicate the number of meetings of the Board's different committees have held during the year:

Number of Audit Committee Meetings	11
Number of Appointments and Compensation Committee Meetings	8

C.1.26 Indicate the number of meetings held by the Board of Directors during the year and provide information about member attendance:

Number of meetings attended by at least 80% of the directors in person	12
--	----

% of meetings attended in person of the total votes during the year	98,33
Number of meetings attended by all the directors in person, or by proxy with specific instructions	12
% of votes issued, attended by all the directors in person and proxies with specific instructions, out of all votes during the year	100,00

C.1.27 Indicate whether the individual and consolidated financial statements presented for Board authorisation for issue are certified beforehand:

[☒] Yes
[☐] No

Where applicable, identify the person(s) who has (have) certified the Company's individual and consolidated financial statements to be filed by the Board:

Name	Position
MR JOSÉ ANTONIO CANALES GARCÍA	GENERAL MANAGER DIRECTOR
MS MARÍA CARMEN PEÑA	CHIEF FINANCIAL OFFICER VISCOFAN GROUP
MR JOSE DOMINGO DE AMPUERO Y OSMA	EXECUTIVE CHAIRMAN

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements that it files from being presented to the General Meeting with a qualified auditors report.

To avoid any qualifications in the audit report on the financial statements prepared by the Board of Directors and submitted to the General Shareholders' Meeting, the Board has delegated this task to the Audit Committee, other functions, as provided in article 15 of the Board Regulations:

"D) In relation to the external auditor:

b) Ensuring that the accounts prepared by the Board of Directors are put before the General Shareholders Meeting without qualifications in the associated audit report."

In addition, Article 6 of the Regulations of the Audit Committee, Functions relating to auditing, states the following:

"g) Supervise the content of the audit reports before issuance and, where appropriate, of the limited review reports of intermediate accounts ensuring that said content and the opinion on the annual accounts are drafted clearly, precisely and without limitations or exceptions by the auditor, explaining them to the shareholders (if any). In this regard, together with the auditor, the Committee must oversee the significant findings derived from its work and, where appropriate, propose to the Board of Directors the measures it deems appropriate to address the shortfalls found by the auditor."

For practical purposes, the Audit Committee will ensure compliance with the necessary mechanisms established to perform continuous control over the preparation of financial information at every level, from its start to its consolidation in the Viscofan Group companies.

Both the corporate financial department and the internal audit department have collaborated closely with the Audit Committee to establish, put in place and monitor the most appropriate controls for guaranteeing the truthfulness of the financial information to ensure that it gives a true and fair view of the Group's financial situation.

The internal audit department has also included the continuous review of said controls in its annual plan for various subsidiaries, where said review will apply to the financial departments and areas that also take part in preparing the information: operations, human resources, purchasing and commercial, etc.

Both the internal audit department and the corporate financial department have collaborated actively with the Audit Committee to coordinate and monitor the evolution of the control system, proposing corrective measures where necessary and verifying their effectiveness.

The Audit Committee, internal audit and corporate financial departments have also held informative and follow-up meetings with external auditors to give them the characteristics of the internal control system and its implantation in all the Group's companies and to involve them in their fulfilment and maintain bidirectional communication to allow better monitoring of the improvements that have been put in place. All with the aim of continuing to guarantee the operation of the Group's financial information with greater control at all levels.

Furthermore, the company has maintained a policy of pre-closing the year on 31 October in order to anticipate and correct any incidents that may have arisen during the year.

C.1.29 Is the company Secretary a director?

☐ Yes
☒ No

Complete if the Secretary is not also a Director:

Name or corporate name of Secretary	Representative
MR JOSE ANTONIO CORTAJARENA	

On 30 July 2019, Mr José Antonio Cortajarena was appointed Secretary of the Board of Directors, replacing Juan María Zuza. The succession has become effective from 1 September 2019 (Relevant event communicated to the CNMV with registration number 280897 and dated 30 July 2019) and has also assumed the secretariat of the Commissions.

C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of the external auditors, as well as, if any, mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

- INDEPENDENCE OF THE EXTERNAL AUDITORS

Article 15 of the Board of Directors Regulations, confers upon the Audit Committee the following duties relating to the external auditor:

D) In relation to the external auditor:

(e) Safeguarding the independence of the auditor, paying particular attention to any circumstances or issues that could jeopardise such independence, including that their remuneration does not compromise their quality or independence, and any others relating to the process of auditing the accounts:

- (i) It shall be ensured that the Company publicly discloses to the CNMV (National Securities Market Commission), as a relevant event, any replacement of the auditor and includes a statement regarding any possible disagreement with the outgoing auditor and the details thereof. If the auditor resigns, then it shall explore the underlying causes.
- (ii) It shall likewise ensure that the Company and the auditor adhere to current regulations safeguarding the independence of auditors, and those governing the provision of non-auditing services and the limits on the concentration of the auditor's business.

- (iii) It shall establish a suitable relationship with the auditor to receive information on matters that may jeopardise the auditor's independence, so that it may be examined by the Committee, and any other matters related to the process of performing the audit, and, where necessary, authorise services that are not forbidden by the provisions of the current regulations.
- (iv) Ensure that the external auditor has a yearly meeting with the Board of Directors in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- (v) Annually receiving from the auditors their statement of independence in relation to the related party or parties, in addition to a statement relating to additional services provided and the fees received by the external auditor or by the persons and entities related thereto, in accordance with the audit provisions set out in the regulations.
- (vi) Each year, it shall issue, prior to the report on the auditing of the accounts, a report expressing its opinion on the independence of the auditor, containing the valuation of any additional services provided, considered on an individual basis and as a whole, in relation to the status of independence or to the rules governing the audit.

- INDEPENDENCE OF FINANCIAL ANALYSTS, INVESTMENT BANKS AND RATING AGENCIES

Article 5 of the Regulations of the Board of Directors includes the following powers among those reserved exclusively for the Board of Directors sitting in full session, in addition to those reserved for the Board by law:

- g) Determining the policy on information to shareholders, markets and public opinion.

With regard to analysts and investment banks, the mechanisms envisaged under Article 37 of the Regulations of the Board of Directors, coupled with the company's commitment to monitoring applicable law, ensure that independence is upheld and that the information is made available to everyone at the same time and under the same conditions, thus ensuring equal access to such information. This article regulates the following:

Article 37 - Communications with shareholders and with the Securities Markets.

The Board shall ensure that accurate, reliable information is offered to the Company's shareholders and to the market with respect to any piece of information on the Company's activities, its earnings, shareholders with significant stakes, related-party transactions, shareholder agreements, treasury shares and any other information that must be disclosed pursuant to the law or the company by-laws, as well as any information deemed by the Board to be in the interest of the public.

The periodic financial information shall be homogeneous and reliable and, as appropriate, shall be submitted to the relevant Committee.

The Board shall also immediately provide information to the public on:

- a) Relevant facts that could materially influence the formation of stock market prices.
- b) Substantial amendments to the Company governance rules.
- c) Treasury share policies that Company may propose to carry out exercising the authorizations conferred by the shareholders at the General Shareholders Meeting.

To such end, the Board of Directors shall use all means at its disposal to keep the information on the Company's website up-to-date and to coordinate its content with the documents filed with and recorded at public registries.

The communication policy with shareholders, institutional investors and their representatives or assessors establishes that communication and dialogue with the shareholders and institutional investors and their representatives and assessors, and with the financial market in general, is based on the principles of equality, transparency and legality, to facilitate the information needed to ensure the exercising of their rights and immediate, truthful and non-discriminatory decision-making, ensuring accessibility to this information for all shareholders.

C.1.31 Indicate whether the company has changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

- ☐ Yes
- ☒ No

If there has been any disagreement with the outgoing auditor, describe the content thereof:

- ☐ Yes
- ☐ No
- ☒

C.1.32 Indicate whether the audit firm does other work for the company and/or its group other than the audit. If so, declare the amount of fees received for such work and the percentage of such fees on the total fees charged to the company and/or its group:

- ☐ Yes
- ☒ No

C.1.33 Indicate whether the audit report on the annual financial statements for the previous year contained reservations or qualifications. If so, indicate the reasons given to the shareholders in the General Shareholders' Meeting by the chairman of the audit committee to explain the content and scope of such reservations or qualifications.

☐ Yes
☒ No

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the individual and/or consolidated financial statements for the company. Indicate the percentage of the number of years audited by the current audit firm to the total number of years in which the annual financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	3	3

	Individual	Consolidated
Number of years audited by current audit firm / number of years the company or its group have been audited (%)	10.34	11.54

C.1.35 Indicate and, where applicable, give details on the existence of a procedure for directors to obtain the information they need to prepare the meetings of the governing bodies with sufficient time:

☒ Yes
☐ No

Description of procedure

This aspect is regulated by Article 19 of the Board of Directors Regulations. Right to Information

The Board members will receive the information required to carry out their work in due time and detail with respect to the matters in question. They may obtain additional information should they see fit; such information shall be channelled through the Secretary of the Board of Directors, unless there are urgent reasons for calling a meeting or under exceptional circumstances.

The notice of meetings shall indicate the items on the agenda upon which the directors must arrive at a decision or resolution or, in urgent cases, the prior consent of the majority of those present shall be required.

The directors may gather additional information when considered advisable.

The request shall be channelled through the Secretary of the Board."

C.1.36 Indicate and, where applicable give details, whether the company has established rules requiring directors to inform and, where applicable, resign under circumstances that may undermine the company's credit and reputation:

☒ Yes
☐ No

If so, describe such rules:

It has been reported in point C.1.19 above

C.1.37 Indicate whether any member of the Board of Directors has informed the company of any legal suit or court proceedings against him or her for any of the offences listed in article 213 of the Corporate Enterprises Act:

☐ Yes
☒ No

C.1.38 Detail significant agreements reached by the Company that come into force, are amended or concluded in the event of a change in the control of the company stemming from a public takeover bid, and its effects.

No significant agreements have been made with these characteristics.

C.1.39 Individually identify in the case of directors and in aggregate terms for the other cases, and indicate in detail any agreements between the company and its directors, managers or employees that have guarantee or ring-fencing severance clauses for when such persons resign or are wrongfully dismissed or if the contractual relationship comes to an end due to a public takeover bid or other kinds of transactions.

Number of beneficiaries	2
Beneficiary type	Description of the agreement
MR JOSÉ DOMINGO DE AMPUERO Y OSMA - CHAIRMAN AND MR JOSÉ ANTONIO CANALES GARCÍA -MANAGING DIRECTOR	MR JOSE DOMINGO DE AMPUERO Y OSMA: Indemnity of two years' fixed salary for cases provided for in the remuneration policy, with two years of non-competition MR JOSE ANTONIO CANALES GARCÍA: Indemnity of two years' fixed salary for cases provided for in the remuneration policy, with two years of non-competition.

Indicate whether, apart from the events provided for by the regulations, these contracts must be disclosed to and/or approved by the company or group governance bodies: If so, specify the procedures, foreseen assumptions and the nature of the bodies responsible for their approval or communication:

	Board of directors	General shareholders' meeting
Body that authorises the provisions	√	
	Yes	No
Is the General Meeting informed of the clauses?	√	

C.2. Board of Directors Committees

C.2.1 Detail all the Board Committees, their members and the proportion of executive, nominee, independent and other external directors sitting on them:

Audit Committee		
Name	Position	Category
MS LAURA GONZÁLEZ MOLERO	DIRECTOR	INDEPENDENT
MR IGNACIO MARCO-GARDOQUI IBAÑEZ	CHAIRMAN	INDEPENDENT
MR JOSE MARÍA ALDECOA SAGASTASOLOA	DIRECTOR	INDEPENDENT
MS AGATHA ECHEVARRÍA CANALES	DIRECTOR	OTHER EXTERNAL
MR SANTIAGO DOMÉCQ BOHORQUEZ	DIRECTOR	NOMINEE

% Executive Directors	0,00
% Proprietary Directors	20.00
% Independent Directors	60.00
% of other external directors	20.00

Explain the committee's duties including, if applicable, those in addition to the duties provided by law, and describe the procedure and organizational and operational rules and summarize the main actions taken during the year. Indicate the most important actions taken during the year for each of the duties, and how these duties (attributed by law, the bylaws or other corporate resolutions) were put into practice.

This point has been answered in section H- OTHER INFORMATION OF INTEREST as the maximum size allowed by the electronic format of the CNMV has been exceeded.

Identify the Directors who has been appointed on the basis of knowledge and experience of accounting or auditing, or both and state the date on which they were appointed as Chairman.

Names of directors with experience	MS LAURA GONZÁLEZ MOLERO / MR IGNACIO MARCO-GARDOQUI IBAÑEZ / MR JOSÉ MARÍA ALDECOA SAGASTASOLOA / MS ÁGATHA ECHEVARRÍA CANALES / MR SANTIAGO DOMÉCQ BOHÓRQUEZ
Date that the chairman was appointed to post	21/04/2016

APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
MR JUAN MARCH DE LA LASTRA	DIRECTOR	NOMINEE

APPOINTMENTS AND REMUNERATION COMMITTEE		
Name	Position	Category
JAIME REAL DE ASUA Y ARTECHE	CHAIRMAN	INDEPENDENT
MR JOSE MARÍA ALDECOA SAGASTASOLOA	DIRECTOR	INDEPENDENT
MR. NESTOR BASTERRA LARROUDÉ	DIRECTOR	OTHER EXTERNAL

% Executive Directors	0,00
% Proprietary Directors	25.00
% Independent Directors	50.00
% of other external directors	25.00

Explain the committee's duties including, if applicable, those in addition to the duties provided by law, and describe the procedure and organizational and operational rules and summarize the main actions taken during the year. Indicate the most important actions taken during the year for each of the duties, and how these duties (attributed by law, the bylaws or other corporate resolutions) were put into practice.

This point has been answered in section H- OTHER INFORMATION OF INTEREST as the maximum size allowed by the electronic format of the CNMV has been exceeded.

C.2.2 Fill in the following table with information on the number of female directors sitting on Board Committees at the end of the last four years:

	Number of female directors							
	Year 2019		Year 2018		Year 2017		Year 2016	
	Number	%	Number	%	Number	%	Number	%
AUDIT COMMITTEE	2	40.00	2	40.00	0	0.00	0	0.00
APPOINTMENTS AND REMUNERATION COMMITTEE	0	0.00	0	0.00	0	0.00	0	0.00

C.2.3 Indicate, where applicable, the existence of regulations for the Board Committees, where they can be consulted and any amendments made to them during the year. Indicate whether an annual report on the activities of each committee has been drawn up voluntarily.

Committee name
AUDIT COMMITTEE

Short description

It is regulated in article 33 of the Company Bylaws, registered in the Commercial Register and published on the company's website (www.viscofan.com) en forma de texto consolidado recogiendo todas las disposiciones vigentes.

It is similarly governed by Article 15 of the Regulations of the Board of Directors, which are available from the company's website and is duly filed with the Spanish CNMV and with the Companies Registry. In addition, the Audit Committee has an organisational and operational regulation that is available on the corporate website.

The Committee drafts an annual report of activities whose summary is included in point C.2.1.

This report is submitted to the General Shareholders Meeting on an annual basis for information purposes.

The Committee also drafts a report on auditor independence and a report on related transactions, which are made available to the shareholders.

Committee name
APPOINTMENTS AND REMUNERATION COMMITTEE

Short description

It is regulated in article 33 of the Company By-Laws, registered in the Commercial Register and published on the company's website in consolidated text including all the current availabilities.

It is similarly governed by Article 16 of the Regulations of the Board of Directors, which are available from the company's website and is duly filed with the Spanish CNMV and with the Companies Registry. In addition, the Appointments and Remuneration Audit Committee has an organisational and operational regulation that is available on the corporate website.

The Committee drafts an annual report of activities whose summary is included in point C.2.1

At the same time, the chairman of the Committee presented to the General Shareholders' Meeting a summary of his annual activity report.

D. RELATED-PARTY TRANSACTIONS AND INTRA-GROUP TRANSACTIONS

D.1. Explain the procedure and competent bodies, if any, for approving related-party and intra-group transactions.

Approval corresponds to the Board of Directors as one of the matters reserved exclusively for the Board by virtue of Article 5 of the Board Regulations:

f) The transactions that the Company conducts with directors, with major shareholders or representatives in the Board, or with persons related to them ("related-party transactions").

However, the Board's authorisation shall not be required for associate transactions that simultaneously meet the following three conditions:

1. They are governed by standard agreements applied across the board to a large number of clients;
2. That they be executed at prices or rates that are laid down generally by a party acting as supplier of the goods or service in question;
3. The amount thereof is no more than 1% of the Company's annual revenue.

The Board shall approve related-party transactions following a favourable report from the Audit Committee. Any directors who are involved, or who represent/are associated with the shareholders involved, must refrain from taking part in the deliberation and voting on the resolution in question.

Also, in accordance with article 529.b Section 2. Non-delegable powers of the Board of Directors under the Corporate Enterprises Act: "Under urgent circumstances for which due justification is provided, the decisions corresponding to the previous matters may be adopted by the delegated bodies or persons, which must be ratified by the Board of Directors held after the adoption of the decision."

D.2. Detail any significant transactions, entailing a transfer of a significant amount or obligations between the company or its group companies, and the company's significant shareholders:

Name or corporate name of significant shareholder	Name of the related party (person or company)	Nature of relationship	Nature of transaction	Amount (in thousands of Euros)
CORPORACIÓN FINANCIERA ALBA S.A.	VISCOFAN S.A.	Contractual	Financing agreements: loans	10,000
CORPORACIÓN FINANCIERA ALBA S.A.	VISCOFAN S.A.	Contractual	Interest paid	61
CORPORACIÓN FINANCIERA ALBA S.A.	VISCOFAN S.A.	Contractual	Other	213

The loan was arranged with Banca March S.A., an entity related to Corporación Financiera Alba S.A., and replaces the previous loan of 5,000 thousand euros arranged with Banca March S.A.

- D.3.** Detail any significant transactions entailing a transfer of a significant amount or obligations between the company or its group companies, and the directors and/or senior managers:

Name or corporate name of director or senior manager	Name or corporate name of related party	Relationship	Nature of the transaction	Amount (in thousands of Euros)
N/D				N/A

- D.4.** Detail the significant transactions in which the company has engaged with other companies belonging to the same group, except those that are eliminated in the process of drawing up the consolidated financial statements and that do not form part of the company's usual trade with respect to its object and conditions.

In any event, provide information on any intragroup transaction with companies established in countries or territories considered tax havens:

Corporate name of the group company	Brief description of the transaction	Amount (in thousands of Euros)
N/D		N/A

- D.5.** List any significant transactions carried out between the company or group of companies and with related parties that have not been reported in the previous sections.

Corporate name of the related party	Brief description of the transaction	Amount (in thousands of Euros)
N/D		N/A

- D.6.** Detail the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, managers and/or significant shareholders.

This point has been answered in section H- OTHER INFORMATION OF INTEREST as the maximum size allowed by the electronic format of the CNMV has been exceeded.

- D.7.** Are more than one of the Group's companies listed in Spain as publicly traded companies?

☐ Yes
☒ No

E. RISK CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Control and Management System, including those of a tax-related nature.

This point has been answered in section H- OTHER INFORMATION OF INTEREST as the maximum size allowed by the electronic format of the CNMV has been exceeded.

E.2. Identify the corporate bodies responsible for drawing up and enforcing the Risk Control and Management System, including tax-related risks.

Name of the committee or body: BOARD OF DIRECTORS Description of duties:

In powers", the risk control and management policy and the periodic monitoring of internal information accordance with Art. 5 of the Company Board of Directors Regulations, relating to Exclusive and control systems constitute one of the matters that may only be heard and addressed by the Board of Directors when in full session.

Name of the committee or body: AUDIT COMMITTEE Description of duties:

A specific duty of the Audit Commission is to oversee the suitability of the control procedures and policies implemented and to review the internal control systems and risk management, in order to ensure that the main risks are identified, managed and effectively disseminated.

Name of the committee or body: INTERNAL AUDIT Description of duties:

One of its objectives is the identification and assessment of any type of risk faced by the Organisation, providing assurance on the degree of internal control and to this effect, it is authorised to examine and evaluate the systems and procedures in place for the control and mitigation of all risks, as well as the methodologies used. It has a broad presence on specific risk Committees: Global Risk Committee, Credit Risk Committee and the Investment Committee.

Name of the committee or body: ETHICS AND REGULATORY COMPLIANCE COMMITTEE Description of duties:

It is responsible for the implementation and monitoring of the Group's compliance system as defined by the Board of Directors, and for periodically reporting on it to the Audit Committee, as well as for proposing its revision and/or updating. In particular, with respect to the whistleblower channel, it is the body responsible for opening, on its own account or at the request of a third party, the investigation of any situation that may involve a breach of rules and regulations in the Viscofan Group that might give rise to a situation of risk for the Viscofan Group.

Its duties include that of supervising specific risks of the Company in relation with the criminal responsibility or any other regulation incompliance of it and assess, analyse, implement or improve and monitor a system of compliance aimed at avoiding the criminal responsibility on behalf of the Company.

Name of the committee or body: GLOBAL RISK COMMITTEE Description of duties:

It is a collegial body whose purpose is the identification, analysis and review of the main risks affecting the organisation, assessing this exposure, and making recommendations for the actions required to manage the risks within reasonable margins.

Name of the committee or body: CREDIT RISK COMMITTEE Description of duties:

It is established as a supervisory and control body for those risks related to customer payment management. The objective of this Committee is to delve into the prevention, monitoring and solution of the risks mentioned, via the creation and implementation of the instruments considered most appropriate at the time.

Name of the committee or body: INVESTMENT COMMITTEE Description of duties:

Its main purpose is to control and supervise compliance with the Investment Plan approved by the Board of Directors. To achieve this, it meets on a quarterly basis for the purposes of performing periodic follow-up checks on the correct application of approved investments and controlling the efficient use of Group resources and investments.

Name of the committee or body: CYBERSECURITY COMMITTEE

Description of functions:

It is in charge of defining the strategic objectives of the Group's Cybersecurity, ensuring the secure management of information and assuring the state of protection, as well as periodically monitoring compliance with regulations, risk projects and situations and incidents.

Name of the committee or body: SENIOR MANAGEMENT Description of the duties:

It is responsible for identifying and assessing the risks faced by the Group in the course of its activity and taking appropriate measures to prevent these risks from occurring or, if they do occur, to reduce or eliminate their impact. Therefore, it plays a fundamental role in designing and implementing control mechanisms and ensuring their fulfilment across the organisation.

Name of the committee or body: EMPLOYEES Description of duties:

Finally, the remaining Viscofan Group employees shall comply with the measures in place in the risk control and prevention systems and, where applicable, report any behaviour they consider may be a possible risk to the Viscofan Group.

In order to facilitate coordination tasks, better identify risks and risk prevention and control actions, certain individuals were identified at local levels who coordinate their actions with the competent bodies at the corporate level.

E.3. Indicate the main risks, including tax risks, and to the extent that those derived from corruption (the latter being within the scope of Royal Decree Law 18/2017) that could affect the attainment of business objectives, are significant.

The inherent risks identified with the highest level of criticality (greater expected impact and greater probability of occurrence) before corrective measures are:

- Competitive environment of the sector. Competitors: The strategies of our competitors could affect our position and, therefore, the achievement of our objectives, especially price drops and greater commercial efforts in certain markets.
- Cybersecurity: A cyber-attack is a malicious action that aims to damage the availability of assets, data confidentiality or the integrity of an organisation's information. The risk of an attack is a growing issue, due to the increase in Viscofan's visibility in recent years as sector leader and example of best industry practices, due to greater mobility of our human teams and due to the opening up of our industrial environment to the Internet (remote access to entities and persons outside Viscofan). An organisation that is aware of the risk that exists both inside and out of its perimeter can minimise the likelihood of being attacked.
- Exchange rate: It is associated with fluctuations between one currency and another, whereby changes in currency value lead to changes in the valuation of total wealth. Especially due to the fluctuation of the Euro against US\$, given the long exposure of the Viscofan Group to the US currency, with a higher percentage of revenue in US\$ than that of costs.
- Environmental issues: Industrial processes involve the use of natural resources and although the Group is fully aware of its responsibility with respect to the environment, our production processes could involuntarily affect or damage its immediate environment.
- Budget control: The budget process requires several assumptions that are required to set budgets and objectives. Errors or simply variations beyond the expected tolerances can affect the development of the corresponding operational and financial plans.
- Competitive environment of substitute products: The Group operates in a free market where other products may take the place of those offered by Viscofan. This risk is accentuated in the case of lower priced replacement products.
- Workplace accidents: In the activity of Viscofan, especially in its productive activity, there is the possibility of bodily injury of varying severity and even a mortal risk for workers and third parties.
- Customer dissatisfaction: Customer satisfaction is the basis for continuity, stability and loyalty of relationships. It is mainly linked to product quality and to customer-orientation and services provided. Shortcomings in any of these aspects can lead to customer loss.
- Group cohesion: The internationalisation and dispersion of the productive centres could affect the communication and interaction of the people who work there with the rest of the organisation. Likewise, the variety of cultures and countries in which the Group operates is a daily challenge when establishing operational and commercial practices consistent with such diversity.
- Environment and tax compliance: Multinational presence and the large number of commercial transactions and financial operations is subject to regulation and tax regulation in the different countries, which may take back or generate resources for the Group.
- Reputation: Sustainability and creation of value is closely linked to the impact of our business activity, the results obtained and the adaptation to the expectations of our stakeholders and the environment in which they are developed.

- Scarcity of raw materials: The Viscofan Group needs to acquire certain specific raw materials in multiple locations, which means that our production process may be affected in the event of shortages and/or lack of quality in such items. The strategies of our suppliers could also affect our production process.

E.4. Identify if the company has risk tolerance levels, including tax risk.

The company has a risk map in which the risks are quantitatively and qualitatively rated, making it possible to define a tolerance level for the risk identified. The accepted risk is supported by the strategy defined and is reviewed by the various risk committees.

Prior to establishing preventive and corrective measures for each risk identified according to the methodology outlined in section E.1 above, the company and the various bodies exercising the functions referred to above, shall discuss the probability of occurrence of each risk, the consequences of the different scenarios in the event of occurrence and the impact that the said occurrence could have on the Group, on its activity and on its financial statements, in addition to its resilience in each case.

With this data the criticality is determined, to match it with the prevention, mitigation and correction measures to be implemented.

There are Key Risk Indicators (KRIs) defined for each risk whose results are periodically compared against their tolerance thresholds, allowing for defining strategies to respond to the risk based on the observed results.

E.5. State what risks, including tax-related risks, have occurred during the year.

Risk is inherent in any business activity and, although the actual company diversification, at a geographic level (sales and production), and with regard to the product range, is a measure in itself that mitigates the risks identified on the risk map, this global nature also means that, during the financial year, adverse circumstances also develop, making it difficult to achieve the objectives established in the budget for the year.

In this context, some of the risks to materialise with the most significant impact are as follows:

1. Risks occurring during the year: Operational risk. Workplace accident

In September 2019, an occupational accident occurred at the production plant in Cáseda (Spain) in which one worker died and another was seriously injured by gas inhalation.

2. Risks occurring during the year: Strategic risk. Competitive Environment of the sector.

Some of the main competitors have focused their commercial strategies on improving the price conditions for their customers with the aim of increasing their sales volumes, in some cases even at the expense of the profitability of their operations. In addition, an outbreak of African swine fever has spread during the financial year 2019, which has significantly reduced the world's pig population, especially in China and several Asian countries.

As a result, in 2019 the supply has contracted and the price of pork has increased, and has affected the cost structure of our main customers. This situation has also affected the availability of animal casings, thus opening market opportunities for their replacement by collagen.

3. Risks occurring during the year: Operational risks. Strike (continuity of operations)

In the course of the negotiations of the present Collective Bargaining Agreement of the Danville plant in the US, approved and in force until 2022, the workers of the plant went on strike in the month of June, which involved a non-recurring expense of €2.3 million.

The agreement reached incorporates a greater flexibility of work and conditions that help to regain the competitiveness of the plant.

4. Risks occurring during the year: Operational risks. Energy

Increase in energy prices and CO2 emission allowances in Europe as a result of regulation and market structure.

E.6. Explain the response and supervision plans for the main risks of the company, including tax risks, and the procedures followed by the company to ensure that the board of directors responds to the new challenges that arise.

The Group's risk response and supervision plans reduce the impact of a risk, the probability of occurrence, or both. Therefore, the inherent risk map becomes a residual risk map, which shows the significance of the risks once the prevention, mitigation or correction measures have been taken on the detected risks. Specifically, and in reference to the Group's most significant risks, such plans and actions consist of:

- Competitive environment of the sector. Competitors: Product prices have been revised to reflect the conditions observed in the raw materials market, comparing our rates comparatively with respect to competitors and reinforcing both our confidentiality protocols and the protection of our production processes and intellectual property. Specific projects have been reinforced by expanding the portfolio of products that aim to improve levels of service, quality and productivity that entails a greater protection of the market share, and even capitalise on the shortage of animal casings to substitute them with Viscofan products.

- Cybersecurity: Procedures and tools that better mitigate the risk of being victim to a cyber-attack have been deployed, beginning with the creation in 2018 of the Cybersecurity Committee, providing its corresponding organisation and action plan, maintaining and improving the business recovery plans in case of incidence, including the separation of networks, support for access regulation or penetration tests and updating policies, including the access control policy.

- Exchange rate: The Group remains attentive to business opportunities and the hedging of exchange rates available in each of the currencies in which it works, refusing to carry out these types of transactions in a speculative manner.

- Environmental issues: Now that the policy has been approved and implemented, the Group is continuing with its strategic certifications plan, which are essential for its activity, such as ISO 50001, ISO 14001. Additionally, specific projects have been established where management and / or supervision improvement activities are required due to well-regulated business circumstances, and finally, contracting policies that cover us for unplanned circumstances.
- Budget control: Further investment has been made in the team in charge of this function, improving the information systems, establishing new multiannual planning and intensifying the continuous monitoring of the process and its results.
- Competitive environment of substitute products: True to its vocation of leadership, the Group continues to invest in areas that allow it to obtain a competitive advantage over its competitors in both quality and price, while also intensifying market observation so as to learn about innovations that has to offer in advance.
- Workplace accidents: There is an action plan for occupational safety that includes, among other things, training, communication, and specific investments in safety to reduce the risk of accidents.
- Customer dissatisfaction: Customer care and follow-up protocols are continuously improved, such as satisfaction surveys, the visiting procedure, the follow-up of complaints, and encouraging all the areas that at one time or another have contact with customers to work together as a team.
- Group cohesion: The Group encourages the establishment of international multicultural projects, the implementation of cohesion activities, both professional and by areas, the creation of high-performance teams, exchanges between centres to learn about and disseminate best practices, etc.
- Environment and tax compliance: The international presence of the Group means that it operates under tax systems with different obligations, schedules and standards, which is why it has invested in tools that allow us to better understand the peculiarities of the countries in which we operate so as to be able to reasonably comply with our tax obligations.
- Reputation: The news and responses from different stakeholders on relevant aspects are monitored in order to identify areas where there is a greater dispersion between expectations and results, as well as compliance with the code of conduct and the policies that have been implemented.
- Scarcity of raw materials: The Group continues with its supplier diversification policy, which allows for alternative sources of supply for each material, and collaborates intensively with suppliers with whom we are developing initiatives or processes in the same line as mentioned above.

F. SYSTEMS OF INTERNAL RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms comprising the risk management and control systems for financial reporting (ICFR) in the entity.

F.1. The entity's control environment.

Give information, describing the key features of at least:

- F.1.1** Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

The Board of Directors of the Viscopan Group has the exclusive power to review the risk control and management policy, as well as the periodic monitoring of the internal information and control systems. The Corporate Finance area is responsible for the implementation and supervision of the ICFR. In addition, all other Group Departments are to cooperate in the dissemination of the ICFR within their area of responsibility. As such, each Department shall be responsible for applying the controls corresponding to their area and for coordinating with the other departments in applying the ICFR.

In accordance with Article 15.c. of the Regulations of the Board of Directors, the Audit Committee is in charge of supervising the effectiveness of the company's internal control, internal audit and risk management systems. This point mentions that the Committee's powers include supervising the process of preparing and presenting the mandatory financial information on the Company and the Group.

- F.1.2** Whether, especially in the process of drawing up the financial information, the following elements exist:

- Departments and/or mechanisms responsible for: (i) the design and review of the organisational structure; (ii) the clear definition of lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring that sufficient procedures exist for their correct dissemination within the entity.

In the first instance, the Board of Directors, as established in its own Regulations, is responsible for approving the definition of the corporate structure. In addition, at the proposal of the chief executive, the Board decides on the appointment and removal of senior executives.

The General Management and the Corporate Human Resources Division are responsible for the design and review of the organisational structure and for the definition of the lines of responsibility and authority, and the appropriate distribution of tasks and roles.

The Corporate Human Resources Division has procedures for updating corporate-level organisational structures and those of each of the Group subsidiaries. Dissemination is via the corporate Human Resources Management platform and the corporate intranet, with the current organisation charts of each company and any major changes being managed and published on the latter.

Financial Management has organisational structure charts with the composition of the financial departments of each subsidiary company, as well as information about the tasks performed by different members of these departments. Each team has a person responsible for the ICFR at local level, responsible for disseminating it to the rest of the departments involved, checking that each one of them carries out the checks allocated and regularly reporting on the operation of the system.

- Code of conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether specific mention is made of recording the transactions and drawing up of the financial information), body in charge of analysing non-compliance and proposing corrective measures and sanctions.

The body that approves the Code of Conduct is the Board of Directors, at the proposal of the Ethics and Regulatory Compliance Committee. The code affects the Boards of Directors, Senior Management and the rest of the Group's employees in their daily professional performance, regarding the relations and interactions they have with all their stakeholders.

The Code of Conduct in force in the Viscofan Group was approved by the Board of Directors at its meeting held on 29 February 2012. This Code of Conduct contains a set of general ethical principles and guidelines, including for the preparation of financial information:

"All Viscofan Group financial transactions shall be recorded clearly and accurately in the corresponding registers in accordance with the ethical principles and general rules of conduct contained in this Code, in addition to the following specific principles:

- Veracity: it shall be a true reflection of the situation of each individual company and of the Group as a whole.
- Integrity: it shall reflect the overall financial situation, i.e., it shall be unabridged, complete and without omissions that could lead to a biased or partial view.
- Uniformity: it shall be drafted, prepared and conveyed in accordance with the same criteria in all Group companies.
- Authorisation: shall be previously authorised and instructed in the financial policies and principles of the Viscofan Group."

Viscofan communicates and makes available the content of the Code of Conduct on its website, www.viscofan.com. Also, the Human Resources Department is responsible for the "Induction Procedure", by which each new employee is provided with a copy of the Code of Conduct and the policies making up the compliance system. These establish the conduct guidelines required in order to ensure that Group personnel act correctly, regardless of the country or department in which they are to work. Lastly, each employee formally confirms their knowledge and understanding of these policies.

Additionally, each of the Group companies has a Local Compliance Supervisor appointed by the Board of Directors who is in charge of monitoring the Group's Compliance System and ensuring all local employees, technicians and managers receive the necessary training.

This Ethics and Compliance system, including the Internal Control of Financial Reporting policy, has been widely disseminated and is available to employees on the Group Intranet.

The Board of Directors ensures the correct application of the Code of Conduct, and responds to any situations of conflict that arise and can take the necessary measures that have been established to deal with non-compliance. To this end, the Board of Directors will be assisted by the Ethics and Compliance Committee, the body responsible for supervising/monitoring compliance with the Code of Conduct.

- Whistle-blowing channel, to allow financial and accounting irregularities to be communicated to the Audit Committee, as well as possible non-compliance with the code of conduct and irregular activities in the organization, reporting where applicable if this is confidential in nature.

Article 15 of the Board of Directors Regulations allocates the following role to the Audit Committee: "Set up and supervise a mechanism enabling employees to communicate confidentially and, if deemed necessary, anonymously, their concerns regarding possible irregular and potentially significant practices within the company, particularly those relating to accounting, finances and auditing."

For such purpose, a whistle-blowing channel has been implemented and is operational, as a virtual space for Group employees to discuss matters associated with compliance with the Code of Conduct and, generally, with all of the Viscofan Group's ethics and compliance systems, especially when there are signs of non-compliance.

This whistle-blowing channel makes it possible to establish a suitable channel to facilitate reporting to the Audit Committee of any financial and accounting irregularities, while guaranteeing the confidentiality of communications.

The Audit Committee has delegated the creation and management of this Whistle-blowing Channel to the Ethics and Compliance Committee. In particular, Article 10 of the Audit Committee Regulations, Functions related to the Ethics and Compliance Committee, is as follows:

"Oversee the effectiveness and operation of the Ethics and Compliance Committee and for this purpose, receive regular information on compliance with the Internal Code of Conduct and the Code of Conduct, and in particular, on the mechanism (complaint channel) that allows employees to confidentially report possible irregularities of potential significance..."

- Periodic training and refresher courses for employees involved in preparing and revising the financial information, and in ICFR assessment, covering at least accounting standards, audit, internal control and risk management.

The aim of the Viscofan Group Training Policy is to guarantee that Group employees have all the knowledge and skills necessary for optimum execution of the duties assigned to them, improving or updating their performance.

Concerning one of the principles of this Policy, namely, planning, and in accordance with the responsibilities described therein, each year the Annual Training Plan is prepared, in which the managers of each department take part. Together with Human Resources Management, they identify training opportunities and the programmes to be carried out during the year.

In the case of personnel involved in the preparation and review of financial information for training específica aimed at meeting the specific needs of each individual or, where appropriate, a department, external training actions are combined for the updating of standards and accounting knowledge, with internal training, mainly focused on the dissemination of policies and procedures, and on the implementation of internal controls included in the ICFR.

In order to better carry out their duties, in 2019 the Group's Taxation Manager attended a Master's Degree in Taxation taught by Garrigues, and the Transfer Pricing Manager attended a course on taxation of related-party transactions and transfer pricing taught by ESIIF (International School of Finance).

Furthermore, the employees of the Internal Audit department follow the guidelines of the Spanish Institute of Internal Auditors of which Viscofan is a member, which suggests that they should receive 40 hours of training annually. In addition, those members of the department who do not yet have it have begun training with the aim of obtaining the Internal Auditors Certificate.

F.2. Financial reporting risk assessment

Provide information on, at least, the following:

F.2.1 The key features of the risk identification process, including error and fraud risks, with respect to:

- Whether the process exists and is documented:

The two areas most directly involved in the identification of risks that could affect the drafting of financial information are the Corporate Finance Division and the Internal Audit Division. In their daily activities, permanent communication is encouraged between these two departments to analyse how the ICFR is working and identify risk areas for which additional controls should be incorporated into the system.

This year, they worked on the identification of the key controls, as well as reviewing the text of the control, its objective and its periodicity.

Every month, the Corporate Finance Department monitors compliance in the execution of controls of each subsidiary and reports these execution statistics to the Audit Committee on a quarterly basis. The Internal Audit Division also informs the Audit Committee on a quarterly basis of the main incidents identified in the period, together with a risk assessment based on qualitative criteria and the monitoring carried out on the corrective actions established in previous periods.

- Whether the process covers all the objectives of financial reporting (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), whether the information is updated and with what frequency.

In each process and sub-process that affects the preparation of financial information, the Group identifies the risks that may materialise taking the following information into account:

- Description of the existing control objectives to meet the business targets defined by the Company and guarantee the reliability of the financial information.

- Possibility of the occurrence of an error risk, according to its impact on the financial statements, being categorised as follows:

- a) Validity: All transactions generated in the period are valid.
- b) Integrity: All transactions have been recorded correctly.
- c) Registry: All transactions have been accurately entered into the accounts.
- d) Cut-off: All transactions recorded represent economic events that occurred during the period in question; transactions are recorded in the corresponding period.
- e) Assessment: Assets and liabilities are correctly valued (they appropriately reflect the existing circumstances of the business and its financial conditions).
- f) Presentation: The financial statements are appropriately presented and disclosed.

At the meetings discussed above, a conclusion may be reached as to the need or not to modify the existing list of risks for each process (affecting the preparation of financial information), following an analysis of the information complied.

- The existence of a process for identifying the consolidation perimeter, taking into account aspects including the possible existence of complex corporate structures, instrumental or special purpose vehicles.

In accordance with the Board of Directors Regulations, the Board shall be exclusively responsible for defining the structure of the corporate group. In turn, the Audit Committee shall oversee the appropriate scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures and special purpose vehicles.

The Viscofan Group Accounting Policy Manual determines that the responsibility of keeping the scope of consolidation duly updated lies with the Consolidation Area, which forms part of the Corporate Finance Division. Corporate operations that could affect the scope are reported appropriately by the General Management and Legal Divisions.

The Audit Committee is informed about structural and corporative modification operations that are planned for its analysis and report to the Board of Directors regarding its economic conditions and accounting impact.

Independently of the fact the Group can grow either via acquisitions or organic growth, the Group's corporate strategy is to maintain as simple a structure as possible, in order to facilitate control of the business, from both an operational and a financial and accounting perspective.

In addition, it is the exclusive knowledge of the Board of Directors in full to create or acquire interests in special purpose vehicles or institutions registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.

According to article 15 of these same Regulations, the Audit Committee is responsible for informing the Board, prior to it making the corresponding decisions in this area.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax-related, reputational, environmental, etc.) insofar as they impact the financial statements.

The process of identificación of risks of error or fraud in financial information takes into account the effects of other types of risks insofar as they affect the financial statements, risks that are assessed and managed as described in Section E of this report.

- Which of the entity's governance bodies supervises the process:

Article 15 of the Viscofan Board of Directors Regulations assigns the Audit Committee the role of monitoring the risk management carried out by the Group.

"Reviewing the internal control and risk management systems, including tax risks, so that the main risks can be correctly identified, managed and properly reported."

In addition, as described in section E of this report, all departments of the organisation, including the Internal Audit Department, collaborate with the Audit Committee through the Global Risk Committee, continuously identifying and assessing the risks faced by the organisation.

F.3. Control activities.

Provide information, indicating the main characteristics, about the existence of at least the following:

F.3.1 Procedures for reviewing and authorising financial information and the description of the ICFR, to be published in the stock markets, indicating those in charge, as well as descriptive documentation of the activity and control flows (including those related to fraud risk) of the various types of transactions that may materially affect the financial statements, including the procedure for closing the accounts and the specific review of key judgments, estimates, valuations and projections

The procedures existing in the Viscofan Group define the activities and controls to be carried out in the process of drafting the financial information, distinguishing the following stages until its dissemination:

- Recording of daily operations by each local department involved, including the book closing for each subsidiary.
- Carryover of financial information for consolidation.
- Consolidation of the information.
- Validation and approval of the financial information.
- Publication and dissemination of the information.

In accordance with what is set forth in the Policy on the Internal Control of Financial Reporting, the Corporate Finance Division is responsible for the design, start-up and dissemination of the ICFR, and for the accounting policies and procedures to be applied, the definition of the process of preparation of the financial information and the control activities for mitigating possible risk. To do this, it receives support from the Internal Audit Division, which in its task of overseeing the comprehensive nature of the accounting and management information issued, both internally and externally, cooperates in assessing the ICFR.

To do so, based on the documentation describing the flows that affect the different departments (purchasing, billing, salaries, banks and cash, etc.), the risk areas are identified and the internal controls to be carried out are proposed.

On the other hand, based on the balance sheet and profit and loss accounts, the most significant accounts are identified, analysing, by means of the controls implemented or establishing new controls if considered necessary, the coverage percentage, in order to guarantee the reliability of the information published. In this way, adding the two approximations by process and by items in the income statement and profit and loss account, the aim is to guarantee that the controls in place cover the most significant risk areas.

To facilitate the internal control a tool has been developed on Viscofan's intranet to implement the ICFR controls, enabling the management of master control data according to subsidiary (executor, supervisor, frequency, etc.), the management of execution and supervision flows for each control, the storage of evidence of each control and access to controls and evidence from Corporate Finance and Internal Audits.

In the course of 2019, ongoing progress has been made in the preparation of documents describing the objectives of each control, the improvement and standardisation of evidence provided by the various subsidiaries and the streamlining of the controls of certain functional areas (mainly commercial) to make them more effective.

A document has been drafted detailing "The Internal Risk Management and Control Systems" implemented in Viscofan, explaining the set of measures and controls that allow assurance to be given on financial closings, as well as narratives and flow charts related to the local procedure for closing accounts, with the corporate ICFR review process and the operations of the various existing committees.

At local level, each subsidiary has a person responsible for the ICFR, who coordinates the launch, execution and supervision of the monthly controls.

When the local financial information has been generated, in accordance with the Reporting Validation and Analysis Procedure, each company should carry out the additional controls established in this Procedure, with the participation of at least two people: on the one hand, the person responsible for book closing at local level and, on the other hand, the person responsible for validating this closing, who is usually the Company finance manager or the person responsible for the commercial subsidiary.

The procedure for validation of the financial information reported by each subsidiary makes it possible to check that the data received for consolidation is consistent with that existing in the local systems and is standardised in accordance with the corporate accounting plan in force. The computer application used for consolidation has basic controls incorporated to flag any inconsistency in the information reported.

Those responsible for the accounting inform about changes to the financial statements of their subsidiary, transmitting the most relevant accounts with details of the calculations made.

The consolidated information is reviewed by the General Management, the Corporate Finance Division and the Investor Relations and Communication Division. This review takes place before the information is sent to the Board of Directors for final approval.

The Audit Committee intervenes in the supervision of the Company's regular financial information, filling the roles assigned to it in the Board of Directors Regulations.

"Overseeing the process devised by the senior management for instituting lawsuits, making assessments and reaching significant estimates, and the impact thereof on the financial statements. Reviewing, analysing and discussing the financial statements and other relevant financial information with the senior management team and the internal and external auditors so as to ensure that the information is reliable, understandable and relevant, and that the accounting standards used for the preceding year have been duly followed."

This involvement from the Audit Committee extends to permanently monitoring account auditing, holding regular meetings with the external auditor to directly supervise the result of the process after both pre-closing and definitive closing of the annual accounts.

The Committee pays special attention to proposals for improving internal control, the quality of the opinions and estimates and the accounting criteria applied in the Group.

F.3.2 Internal control procedures and policies for information systems (among others, access security, change control, their operation, operational continuity and segregation of functions) that support the relevant processes in the entity with respect to the drawing up and publication of the financial information.

The main standards and procedures existing in the Viscopan Group in relation to the control of computer systems are contained in the following manuals and policies, available on the Group intranet, which regulate the use of computer systems and networks and their control and management:

- Computer systems and networks user manual
- Authorisation policy on computer access and profiles
- Password policy
- Computer systems and networks management policy.
- IT Security Policy.

These manuals develop the following aspects:

- The control systems should record and limit access to all Group computer systems and networks, establishing at least the creation of a username for each authorised user and the need for a password associated with it in accordance with the Password Policy.
- Management of access to any computer system or network shall comply with the provisions of the IT Profile Access Authorisation Policy. Thus, the person responsible for managing profiles and access should keep a record that justifies the authorisation of each action or modification of profiles and each access made.
- Maintenance of the computer systems and networks should include periodic measures that guarantee the copying and the possibility of backup and recovery of the data and information contained in the different Viscopan Group computer systems and networks in each case. Access to these copying and backup resources or mechanisms should be limited, protecting their content in all cases and establishing mechanisms for safekeeping and custody that guarantee their security.
- Any development or modification made by the computer departments to the Viscopan Group computer systems and networks shall be carried out with as much coordination as possible, requesting the authorisations necessary for its implementation or for performing any test process and, in any case, establishing at least the same measures in terms of security and limitation of access to the data.
- The security policy, change management, maintenance and handling of incidents should guarantee rapid recovery of the Viscopan Group computer systems and networks in the event of any contingency that could have an impact on their availability.

The main infrastructure of the Group is located in a main Data Processing Centre (CPD). In a second CPD the secondary infrastructure is housed to ensure the continuity of the service in case of disaster.

The Viscopan Group has a Disaster Recovery Plan, coming within the framework of processes and procedures, and which will serve to guide and support the teams during an incident. This will enable the teams to respond in a way which is as most efficient and controlled as possible, minimising the impact on users, in order to return to operational service as soon as possible.

- F.3.3** Internal control procedures and policies designed to supervise the management of activities subcontracted to third parties, and those aspects of the evaluation, calculation and assessment outsourced to independent experts, which may materially impact the financial statements.

The Viscofan Group assigns to independent expert third parties the actuarial calculations on labour liabilities and the calculation of the Corporate Tax of one of the Group companies, as well as the performing of PPA (Purchase Price Allocation) processes in the purchases of new businesses.

In any case, the criterion is maintained of working only with prestigious institutions, and the valuations received are reviewed by the financial departments involved.

In line with the evolution of technology, housing and maintenance services are contracted for the Group's main data centres, as well as plans that ensure business continuity in the event of computer incidents. Outsourced services are periodically monitored by checking the critical management indicators. A validation service has been implemented for cloud services offered by software companies for the access and use of their applications.

F.4. Information and communication.

Provide information, indicating the main characteristics, about the existence of at least the following:

- F.4.1** A specific function in charge of defining and keeping the accounting policies updated (accounting policy department or area) and dealing with queries or conflicts stemming from their interpretation, ensuring smooth communication with those in charge of operations in the organization, and an up-to-date manual of accounting policies, communicated to the units through which the entity operates.

The responsibility for defining, updating and disseminating the accounting policies and procedures to be applied to guarantee standardisation of processes and accounting information lies with the Corporate Finance Division, in accordance with the Policy on the Internal Control of Financial Reporting.

The accounting manuals are disseminated through the document libraries on the corporate Intranet and are available to the financial teams. Contact between corporate and local levels is continuous, and lines of communication are maintained for resolving any queries and conflicts derived from their interpretation.

The manuals are reviewed by the person responsible for Consolidation, at least annually, generally during the months of November and/or December. The perimeter is updated and new legal regulations applicable to the Group are incorporated. The documents are issued in Spanish and English. The latest update to the Group's accounting policy manual was in November 2019.

In addition, regular account coordination meetings are held to transmit accounting policies, provide training in the performance of the controls included in the ICFR and check standardisation in the preparation of the information reported by each subsidiary.

- F.4.2** Mechanisms to capture and prepare the financial reporting in standardised formats, for application and use by all the units of the entity or the group, that support the main financial statements and the notes, and the information detailed on ICFR.

In accordance with the Policy on the Internal Control of the Financial Information, the Group Financial Department is responsible for supervising the appropriate design and use of the financial computer systems.

For these purposes, the Corporate Finance Division has organised selection, set-up, implementation and training into a single reporting tool for consolidation for all Viscofan Group companies.

The data from the local applications are integrated into the consolidation system following a single corporate accounting procedure, the Corporate Accounting Plan. The Corporate Finance Division is responsible for reviewing the equivalence between the accounting plans from each subsidiary and the Corporate Accounting Plan in order to guarantee the standardisation of the information received.

As an additional control measure, the controlling team ensures that at year-end, the accounting balances of the consolidation system coincide with the accounting balances of the financial modules of each subsidiary to ensure that the origin and destination information is the same.

The content of the information reported includes both the financial statements and most of the information necessary for preparing the tables and notes for the Annual Report of the company and subsidiaries, the first draft of which is prepared directly in this system.

F.5. Supervising the system's operation.

Provide information, indicating the main characteristics, about at least the following:

- F.5.1** The ICFR supervision activities carried out by the Audit Committee and whether the entity has an internal audit function whose powers include providing support to the Audit Committee in its task of supervising the internal control system, including the ICFR. Likewise, give information on the scope of the ICFR assessment carried out during the year and of the procedure by which the person in charge of performing the assessment communicates its results, whether the entity has an action plan listing the possible corrective measures, and whether its impact on the financial reporting has been considered.

As noted in Article 8 of the Regulations of the Audit Committee, one of the main functions is to supervise the process of preparation, presentation and integrity of the economic and financial information relating to the Company and its consolidated Group, reviewing the correct design of the ICFR, compliance with regulatory requirements and the correct application of generally accepted accounting principles.

Reporting directly to the Audit Committee is the Viscopan Group's Internal Audit Department, whose scope of work is to determine whether the Viscopan Group's risk management and control, designed and operated by Management, are adequate and functioning in a manner that ensures that, among other things, significant financial, management and operational information is accurate, reliable and is available in a timely manner.

During the financial year of 2019, the Internal Audit work plan specifically focussed on:

- Participation in the Investment Committee, overseeing its activity. In 2019, the Investment Committee held four meetings, coinciding with the quarterly financial closures.

Investments are strictly monitored at all subsidiaries. A report is issued every month and emailed to the Committee members, making it possible to ensure that any possible deviations are quickly detected and the appropriate actions can be taken.

- Participation in the Credit Risk Committee, overseeing its activity, particularly with regard to credit risk coverage levels and the principal accounts receivable. The Credit Risk Committee met during the year on four occasions.

The key objective of the Credit Risk Committee is to report on the taking out of credit insurance, compliance with established procedures and the added risk involved in selling to some countries. Furthermore, a detailed analysis is made of the total exposure of customers, particularly those with the largest amounts of matured debt.

Monitoring conducted by the Committee has made it possible to keep the amount of the debt covered compared to last year. The default rate was maintained at a level considered satisfactory by the organisation.

- Participation in the Global Risk Committee previously described, performing the reassessment and the redefinition of some risks of the Risk Map already existing (defined in 2016 based on the new strategic plan for the period from 2016-2020, MORE TO BE), performing a redefinition of all the KRIs associated to each of these risks and performing, also, a monitoring of the values of these KRIs.

The Committee met four times throughout this year.

- The quarterly assessment of the ICFR, reviewing the controls made and the quality of the evidence provided, establishing appropriate corrective measures in accordance with their materiality. Specifically, every quarterly closure is accompanied by a review of the most important controls, submitting the findings report to the Audit Committee prior to the approval of the financial information to be published.

- The review of different processes in various national and international subsidiaries in compliance with the annual Audit Plan approved for 2019.

- The monitoring of the implementation of the recommendations arising from the reviews of the different processes audited in the past. To do so, it has a monitoring tool of the Internal Audit recommendations, with the creation of reports for Top Management.

On a quarterly basis, the Internal Audit team carries out an independent review of the effectiveness of the different controls implemented in the ICFR platform. Subsequently, these conclusions are discussed with the Corporate Finance Department as the head of the System, agreeing on action plans to correct any found shortcomings. Subsequently, these conclusions reached are forwarded to the Audit Committee prior to the approval of the financial information to be published, for its consideration.

The Internal Audit activity is considered satisfactory, thanks mainly to the high rate of application of the improvements and recommendations carried out to resolve the incidents detected.

F.5.2 Whether there is a discussion procedure by which the auditor (in line with the technical auditing notes), the internal audit function and other experts can inform senior management and the audit committee or the directors of the entity of significant weaknesses in the internal control encountered during the review processes for the annual accounts or any others within their remit. Likewise, give information on whether there is an action plan to try to correct or mitigate the weaknesses observed.

The Audit Committee has Regulations that conform to the law and to internal corporate governance rules. The Regulations implement and supplement the rules of the Bylaws and the Regulations of the Board of Directors applicable to the Committee.

Art. 6 of these Regulations describes the different functions of the Committee regarding the external auditors, and among others the following functions are indicated;

- Supervise the results of each audit and the management team's responses to its recommendations.
- Supervise the content of the audit reports before issuance and, where appropriate, of the limited review reports of intermediate accounts ensuring that said content and the opinion on the annual accounts are drafted clearly, precisely and without limitations or exceptions by the auditor, explaining them to the shareholders (if any). In this regard, together with the auditor, the Committee must oversee the significant findings derived from its work and, where appropriate, propose to the Board of Directors the measures it deems appropriate to address the shortfalls found by the auditor.
- Assess whether the relationships and collaboration of senior management and the financial department with the auditor has been suitable for the performance of the audit functions.

Art. 7 of these Regulations describes the different functions of the Committee regarding the internal auditors, and among others the following functions are indicated;

- Receive regular information on the activities carried out by the Internal Audit Department of Viscofan and the companies of its Group, and specifically on the execution of the annual work plan, the incidents found and the annual report containing a summary of the activities.
- Ensure that senior managers take into account the conclusions and recommendations of the reports of the Internal Audit Department.

F.6. Other significant information.

We do not consider it necessary to disclose any other information that has not been already described in the above sections.

F.7. External audit report.

Provide information about the following:

F.7.1 Whether the ICFR information disclosed to the markets has been submitted by the external auditor, in which case the entity must attach the corresponding report as an annexe. Otherwise, explain the reasons why it was not.

The information of the ICFR has been submitted for review by our external auditors, PwC, in accordance with the Professional Performance Guide and the Auditor's Report model referring to the information related to the ICFR of listed entities as established in Circular 5/2013, of June 12, 2013 of the CNMV subsequently amended by CNMV circular no. 7/2015 dated December 22, 2015 and CNMV circular 2/2018 of June 12, 2018.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the extent to which the company follows the recommendations of the Good Governance Code of listed companies.

Should any recommendation not be followed or be only partially followed, a detailed explanation should be given of the reasons so that the shareholders, investors and the market in general have sufficient information to assess the way the company works. General explanations will not be acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Compliant ☒ Explain ☐

2. When a dominant and a subsidiary company are both listed, they should provide detailed disclosure on:

- a) The activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies.
- b) The mechanisms in place to resolve possible conflicts of interest.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

- a) Changes taking place since the previous annual general meeting.
- b) The specific reasons for the company not following a given Good Governance Code recommendation and any alternative procedures followed in its stead.

Compliant ☒ Partially compliant ☐ Explain ☐

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Compliant ☒ Partially compliant ☐ Explain ☐

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Compliant ☒ Partially compliant ☐ Explain ☐

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

- a) Report on auditor independence.
- b) Reviews of the operation of the audit committee and the nomination and remuneration committee.
- c) Audit committee report on third-party transactions.
- d) Report on corporate social responsibility policy.

Compliant ☒ Partially compliant ☐ Explain ☐

The Company's Management Report includes an analysis of the corporate social responsibility policy is included in the Non-Financial Statement section. This report is published on the Company website at the time of convening the general shareholders' meeting.

7. The company should broadcast its general meetings live on the corporate website.

Compliant ☐ Explain ☒

The Company considers that transmitting the General Shareholders' Meeting live on the website in a smaller company is not the most appropriate measure to facilitate shareholders' participation in the General Shareholder's Meeting, which is confirmed by the high number of shareholders who are physically present at the meeting or who attend remotely using the methods enabled for such purpose, so the company prefers to allocate the resources that would be allocated to this transmission to encouraging participation through the means enabled, by way of the attendance bonus and providing shareholders with as much information as possible by making available a large amount of information that is relative to the meeting at the time it is convened.

8. The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Compliant ☒ Partially compliant ☐ Explain ☐

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant ☒ Partially compliant ☐ Explain ☐

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☐

12. The board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Compliant ☒ Partially compliant ☐ Explain ☐

13. The Board of Directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

Compliant [X] Explain []

14. The board of directors should approve a director selection policy that:

- a) Is concrete and verifiable.
- b) Ensures that the appointment or re-election proposals are based on a prior analysis of the board's needs.
- c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020.

The appointments committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Compliant [X] Partially compliant [] Explain []

15. Nominee and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Compliant [X] Partially compliant [] Explain []

16. The percentage of nominee directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Compliant [X] Explain []

17. Independent directors should be at least half of all directors.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of capital, independent directors should occupy, at least, a third of the total number of directors.

Compliant [☐]

Explain [☒]

The company considers that it complies with recommendation 17 in accordance with the principle of proportionality among shareholder participation and representation in the board of directors, according to which, the relationship between proprietary directors and independent directors must reflect the relationship between the percentage of capital represented in the board of directors by the proprietary directors and the rest of the capital. In the Code of Good Governance of the listed companies published by the CNMV, it specifically indicates that this proportional principle is not, however, an exact mathematic rule, but rather an approximate rule whose objective is to ensure that the independent directors have a sufficient weight in the board of directors and that no significant shareholder exercises a disproportionate influence in relation to their participation in the capital.

In this text it also clarifies that in certain situations it is considered that this percentage could be excessive and it is recommended to mitigate the application of this rule respect to those that however, do not have an elevated capitalisation considering as a reference those companies not included in the IBEX-35 index to those that would become excessively onerous the compliance of this rule, however respect to the companies in whose share ownership shareholders have presence that individually or together with others maintain an elevated percentage of its capital. For these cases it is recommended a percentage of, at least, one third.

In this sense, it is worth noting that in accordance with the principle of the standard, the inclusion in the Ibex can be used as a reference, but not as a mathematic demand, given that considering the inclusion in a reference index defined by a private institution that could be reviewed every quarter should not have been the principle of complying with or explaining for which the companies are governed their long-term corporate governance, but a reference. In this sense, the law and the code indicate as a quantitative objective criterion an elevated capitalisation and Viscofan is not included as a reference in the funds that they invest in companies of high capitalisation both in the national market and foreign investors, which are considered high capitalisation given a versatile capitalisation greater than 10 billion euros.

It is worth remembering that the criteria of including in the Ibex index are not exclusively of capitalisation, but that also influence the liquidity of the value, having companies with capitalisation greater than Viscofan that is not included in this index. However, despite all these considerations, and including even though a foreign decision to the Company, outside the scope of their control that could have as a purpose modifying the monitoring of the recommendations within the same fiscal year without the possibility of doing nothing to the respect, as in this case, the Code of good governance of the companies listed approved by Agreement of the Board of the National Stock Market Committee (CNMV) on 18 February 2015, establishes that the inclusion in the IBEX is the determining criteria regardless of the data objective of capitalisation, and in this sense, the Company does not follow the recommendation that the independent directors represent half of the board even considers that for its capitalisation should fulfil the recommendation that the number of independent directors must represent, at last, a third of the total directors. The Company fulfils this recommendation.

Moreover, the Company considers that the special characteristics of its activity and industrial sector, in which a high degree of specialisation and specific knowledge in areas are required that are not at the scope of persons outside this sector, making it suitable to ensure that the Board maintains sufficient presence of directors with a lot of experience that can guarantee an appropriate development of the Board's duties, especially in relation to the company's strategy and a continuity in that knowledge.

The temporary limitation of the independent directors does not allow guaranteeing this continued presence and the Company considers that it must combine both needs, above all to the view of the requirement for the companies that do not have a high capitalisation in accordance with the generally accepted criteria.

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

- a) Background and professional experience.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a director and subsequent re-elections.
- e) Shares held in the company, and any options on the same.

Compliant ☒ [X]

Partially compliant ☐ []

Explain ☐ []

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of nominee directors at the urging of shareholders controlling less than 3% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a nominee directorship.

Compliant ☐ []

Partially compliant ☐ []

Explain ☐ []

Not applicable ☒ [X]

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to nominee directors, the latter's number should be reduced accordingly.

Compliant ☒ [X]

Partially compliant ☐ []

Explain ☐ []

Not applicable ☐ []

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where they find just cause, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a director, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Compliant ☒ Explain ☐

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Compliant ☐ Partially compliant ☐ Explain ☐

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes relevant or reiterated decisions about which a director has expressed serious reservations then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation should also apply to the secretary of the board of directors, whether a director or otherwise.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.

Compliant [] Partially compliant [] Explain [] Not applicable [X]

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve.

Compliant [X] Partially compliant [] Explain []

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Compliant [X] Partially compliant [] Explain []

27. Director absences should be kept to a strict minimum and quantified in the Annual Corporate Governance Report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Compliant [X] Partially compliant [] Explain []

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Compliant [X] Partially compliant [] Explain [] Not applicable []

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Compliant [X] Partially compliant [] Explain []

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Compliant [X] Explain [] Not applicable []

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, of the majority of directors present, which shall be duly shown in the minutes.

Compliant ☒ Partially compliant ☐ Explain ☐

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Compliant ☐ Partially compliant ☐ Explain ☐

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Compliant ☐ Partially compliant ☐ Explain ☐

34. When a lead independent director has been appointed, the Bylaws or Board of Directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman and vice chairmen give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☐

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Compliant ☒ Explain ☐

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weaknesses detected in:
- a) The quality and efficiency of the board's operation.
 - b) The performance and membership of its committees.
 - c) The diversity of board membership and competences.
 - d) The performance of the chairman of the board of directors and the company's chief executive.
 - e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Compliant ☒ Partially compliant ☐ Explain ☐

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

38. The board of directors should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Compliant ☒ Partially compliant ☐ Explain ☐

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Compliant [X]

Partially compliant []

Explain []

41. The head of the unit handling internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Compliant [X]

Partially compliant []

Explain []

Not applicable []

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
- b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With respect to the external auditor:

- a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
- c) To oversee that the company reports, as a relevant event, to the Spanish Securities Market Commission (CNMV) the change of auditor and accompanies it with a declaration on the eventual existence of disagreements with the outgoing auditor and, if any, the content thereof.
- d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant [X]

Partially compliant []

Explain []

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant [X]

Partially compliant []

Explain []

44. The Audit Committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

45. Risk control and management policy should identify at least:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off balance-sheet risks.
- b) The determination of the risk level the company sees as acceptable.
- c) The measures in place to mitigate the impact of identified risk events should they occur.
- d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

Compliant ☒ Partially compliant ☐ Explain ☐

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Compliant ☒ Partially compliant ☐ Explain ☐

47. Appointees to the nomination and remuneration committee – or of the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Compliant ☐ Partially compliant ☒ Explain ☐

The members of the Appointments and Remuneration Committee are appointed ensuring that they have the knowledge, skills and experience appropriate to the function to be performed. The committee is made up of four members, two of whom are independent (50%).

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Compliant [☐]

Explain [☒]

Not applicable [☐]

The composition and operation of the company is performed in accordance with the best practices and considering Viscofan as a medium capitalisation company in accordance with the commonly accepted international standards and to the trajectory of corporate governance of the company. The Company considers that its actual size and that of the Board of Directors does not justify the separation of both committees, which would also imply the assigning of greater resources to the Board of Directors to remunerate the members that form part of these committees

49. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive Directors.

When there are vacancies on the board, any Director may approach the Nomination Committee to propose candidates that it might consider suitable.

Compliant [☒]

Partially compliant [☐]

Explain [☐]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the board the standard conditions for senior officer contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Compliant [☐]

Partially compliant [☐]

Explain [☐]

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.

Compliant [☒]

Partially compliant [☐]

Explain [☐]

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:
- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
 - b) They should be chaired by independent directors.
 - c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
 - d) They may engage external advice, when they feel it necessary for the discharge of their functions.
 - e) Meeting proceedings should be recorded in minutes and a copy made available to all directors.

Compliant [☐]

Partially compliant [☐]

Explain [☐]

Not applicable [☒]

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organisation, with at the least the following functions:
- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
 - b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
 - c) Periodically evaluating the effectiveness of the Company's corporate governance system, to confirm that it is fulfilling its mission to promote the interests of the company and catering, as appropriate, to the legitimate interests of remaining stakeholders.
 - d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
 - e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
 - f) Monitor and evaluate the company's interaction with its stakeholder groups.
 - g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
 - h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Compliant [X]

Partially compliant []

Explain []

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:
- a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
 - b) The corporate strategy with regard to sustainability, the environment and social issues.
 - c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, tax responsibility, respect for human rights and the prevention of illegal conducts.
 - d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
 - e) The mechanisms for supervising non-financial risk, ethics and business conduct.
 - f) Channels for stakeholder communication, participation and dialogue.
 - g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Compliant ☒ Partially compliant ☐ Explain ☐

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Compliant ☒ Partially compliant ☐ Explain ☐

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Compliant ☒ Explain ☐

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above will not be applicable to shares that the director has to sell to satisfy costs related to their acquisition.

Compliant ☒ Partially compliant ☐ Explain ☐

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☐

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☐

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

The Board of Directors of Viscofan, in a meeting held on 30 July 2019, at the proposal of the Appointments Committee, approved a Long-Term Incentive Plan for 2019-2021 intended for the Company's executive directors, managers and other key staff of the Viscofan Group which, subject to compliance with its objectives, will result in a cash payment and a payment in Company shares.

In accordance with the provisions of article 219 of the consolidated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and in articles 29.2 of the Bylaws and 32, b) of the Regulations of the Viscofan Board of Directors, the Plan will be submitted, with respect to the Company's executive directors, to be approved by the next General Shareholders' Meeting, under the terms provided for in current legislation and in the current Director Remuneration Policy.

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above will not be applicable to shares that the director has to sell to satisfy costs related to their acquisition.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the Director's actual performance or based on data subsequently found to be misstated.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

H. OTHER INFORMATION OF INTEREST

1. If there is any other aspect relevant to the corporate government in the company or in the group entities that has not been reflected in the rest of the sections of this report, but is necessary to include to provide more comprehensive and well grounded information on the corporate governance structure and practices in your entity or its group, detail them briefly.
2. This section may also include any other relevant information, clarification or detail related to previous sections of the report insofar as they are relevant and not reiterative.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the mandatory information to be provided when different from that required by this report.

3. The company may also indicate if it has voluntarily signed up to other international, industry-wide or any other codes of ethical principles or best practices. Where applicable, the code in question will be identified along with the date of signing. If applicable, the code in question and the date of accession will be identified. In particular, it will mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010:

Below is the content of the points that could not be answered in their corresponding space because they exceeded the maximum size allowed by the CNMV format:

POINT C.1.16 Indicate procedures for selection, appointment, re-election and removal of directors. List the competent bodies, the procedures to be followed and the criteria to be employed in each procedure.

The selection, appointment, re-election, assessment and removal processes of the Directors are regulated in the Bylaws, the Board Regulation and the Director's Selection Policy. In their respective competencies, the General Shareholder's Meeting, the Board of Directors and the Appointments and Remunerations Committee intervene in the different procedures.

The Board of Directors Selection Policy establishes that the Appointments and Remunerations Committee will be responsible for analysing the composition and structural needs of the Company's Board of Directors at all times, and for regulating the procedure to follow whenever there is a vacancy within the Board of Directors to ensure a search for candidates that is based on the principles of equality, transparency and legality, in order to provide the Board of Directors with candidates that can offer the competencies, knowledge and experience required for the Board at all times, taking account of the vacancies to be covered and the structure and composition of the Board, avoiding any implicit bias that may involve some type of discrimination and taking account of diversity, particularly the measures to be applied in order to meet the representation target for the least-represented gender on the Board of Directors and to facilitate the inclusion of female directors on the board.

Pursuant to Article 25 of the Articles of Association: Their appointment of directors will correspond to the General Shareholders meeting in accordance with article 242 of the Capital Companies Act.

Article 26 of the Bylaws states that:

To be appointed to the position of director, the status of shareholder is not a requirement. The term of office for Directors is four years from the date they are appointed.

The appointment of Directors will cease when their term of office has ended and the next General Shareholders' Meeting has been held or the period stipulated by law for holding the Shareholders' Meeting to resolve on the approval of the prior year's accounts has passed.

Article 27 establishes limits on the re-election of Independent Directors:

Independent Directors may not be re-elected or appointed for a new term of office under the same classification when they have sat on the Company's Board for a term of twelve (12) years as from the date on which they were first appointed.

Article 8 of the Regulations of the Board of Directors states that: The shareholders at the General Shareholders' Meeting or the Board of Directors itself shall appoint the directors in accordance with the provisions of the law.

The Board of Directors must ensure that the procedures to select its members favour the diversity of gender, experience and knowledge and that there is no implicit bias that may involve any type of discrimination, and, in particular, they should facilitate the selection of women directors.

The proposals relating to the appointment or re-election of directors, within the limits set out in the articles of incorporation, shall be made by the Appointment and Remuneration Committee in the case of independent directors and by the Board itself, subject to a report by the Committee, in the case of the other directors.

Any proposals must be accompanied, in any case, by an explanatory report from the Board, assessing the competence, experience and merits of the candidate proposed, and shall include the presence on the Board of a reasonable number of independent directors and shall tend to maintain a majority of directors who are external to management.

The Directors will hold their posts for the term provided in the company bylaws, and may be elected either once or several times.

Independent Directors may not be re-elected or appointed for a new term of office under the same classification when they have sat on the Company's Board for a term of twelve (12) years as from the date on which they were first appointed.

Under no circumstances shall the provisions of the foregoing paragraphs limit the power of the Company's General Shareholders' Meeting or, where applicable, the Board of Directors to re-elect or appoint a specific candidate as a director and, where applicable, it shall only affect his/her possible classification as an independent director.

Furthermore, Article 16 of the Board of Directors Regulations includes the Appointments and Remuneration Committee and sets forth: The mission of the Appointments and Remunerations Committee, amongst others, will be as follows:

- a) Evaluating the skills, knowledge and experience required by the Board and, as a result, defining the functions and abilities required from candidates who are to cover each vacant position and evaluating the amount of time and dedication required for the effective performance of their duties.
- b) Set a representation target for the least represented sex of the Board of Directors and prepare guidelines on how to achieve this target.
- c) Providing the Board of Directors with proposals for appointing independent directors, for appointment by co-optation or submission for voting at the General Shareholders' Meeting. Submitting proposals for the re-election or removal of these directors.
- d) Provide information on proposals for the appointment of all other Directors for appointment by co-optation or submission for voting at the General Shareholders Meeting, as well as proposals for their re-election or removal by the General Shareholders Meeting.
- e) Provide information about proposals for appointing and dismissing of senior management and principal conditions of their contracts.
- f) Review and organise the succession procedure for the Chairman of the Board of Directors and the Chief Executive Officer and, as the case may be, submit proposals to the Board of Directors to ensure that such succession is handled in an ordered and planned manner.

The removal of directors is governed by the following articles of the Regulations of the Board of Directors: Article 30. Removal of

directors.

Directors shall serve at the pleasure of the Board of Directors and if the Board considers it appropriate, they shall tender their resignations in the following cases:

- a) When they become subject to any of the disqualifications or prohibitions set down in law.
- b) When their remaining on the Board could undermine the Company's interests or when the reasons for which they were elected no longer apply.
- c) Directors representing a controlling shareholder will tender their resignations when the shareholder they represent sells a substantial part of its stake.

The Board of Directors may not propose the removal of independent directors before the end of their term of office, unless the Board considers there is due cause following a report to such effect from the Appointments and Remuneration Committee.

When a director steps down before the end of their term of office, whether by resigning or for any other reason, they must explain the reasons for their departure in a letter to be sent to all other members of the Company's Board of Directors.

The departure shall be reported to the CNMV (National Securities Market Commission) as a material event, and the reason for the departure shall be reported in the annual corporate governance report.

Article 31. Directors' Duties after Separation

After leaving upon completion of the period for which they were elected or for any other reason, the directors may not serve at any entity competing with the Company and its corporate group for a period of two years unless the Board of Directors grants dispensation from this requirement or shortens its term.

C.2.1. FUNCTIONS OF THE AUDIT COMMITTEE AND ITS MOST IMPORTANT ACTIONS IN THE YEAR

The Audit Committee is regulated by article 15 of the Board Regulations and article 33, section 1 of the Bylaws.

Below is an explanation about article 15 of the Board Regulations, regulating, in the broadest sense, its composition, the appointment and cessation of its members and their principal duties, calling meetings, and formulating and adopting resolutions.

Article 15 - Audit Committee

"There shall be an Audit Committee within the Board of Directors, which shall be composed of a minimum of three and a maximum of six members.

The Audit Committee shall be composed solely of non-executive directors appointed by the Board of Directors, the majority of whom must be independent directors, and its members shall be appointed by the Board of Directors, subject to the legal requirements and a report from the Appointments and Remuneration Committee, with due consideration given to the knowledge, skills and experience in accounting, auditing and risk management of its directors and, above all, its Chairman, and overall, the members of the Committee shall have relevant technical expertise in relation to the sector to which the audited entity belongs.

The members of the Committee shall automatically cease to sit on the Committee when they cease to sit as directors of the Company or at the discretion of the Board of Directors.

Audit Committee members shall appoint a Chairman, selected from the independent directors that form the Committee, who shall be replaced every four years; the Chairman may be re-elected one year after they cease to serve as Chairman.

The Audit Committee will meet whenever convened by its Chairman, by decision of the Board of Directors, or upon the request of the majority of its members.

The Audit Committee shall be quorate with the attendance in person or by proxy of the majority of its members.

Resolutions will be adopted by simple majority vote of the members attending the meeting and the Chairman will have the casting vote.

The Audit Committee shall have the power to request the presence of any member of the management team or any member of the Company's staff at its meetings, as well as the presence of the Company's independent auditors or any Company advisor whose presence is deemed advisable. All the aforementioned persons will be bound to cooperate and provide access to any information they may have.

The Audit Committee shall report to the Board on the business it addresses and on all resolutions adopted at the Board meetings convened for such purpose, and shall provide to all directors with the minutes of its meetings.

Notwithstanding other functions set out in the governing legislation, company by-laws or assigned to it by the Board of Directors, the Audit Committee's mission will include the following:

- A) Reporting to the General Shareholders' Meeting regarding matters that fall within its remit and, in particular, regarding the result of the audit, explaining how this has helped to ensure the integrity of the financial information and the function that the Committee has performed in that process.
- B) Proposing the appointment of the auditor to the Board of Directors, which shall then pass the matter on to the General Shareholders' Meeting in addition to the conditions of recruitment.
- C) With respect to internal control and reporting systems
 - (a) Monitoring the efficiency of the Company's internal control, internal auditing and its risk management.
 - (b) Overseeing the process of preparing and presenting the compulsory financial information relating to the Company and its group, ensuring that the system of internal control of financial reporting (ICFR) is correctly designed and that all legal requirements have been met, and defining an appropriate consolidation perimeter, taking into account, among other aspects, possible complex corporate structures, instrumental or special purpose entities, the correct application of accounting criteria and presenting recommendations or proposals to the administrative body, designed to safeguard their integrity.
 - (c) Overseeing the process devised by the senior management for instituting lawsuits, making assessments and reaching significant estimates, and the impact thereof on the financial statements.
 - (d) Review, analyse and discuss the financial statements and other relevant financial information with the senior management team and the internal and external auditors so as to ensure that the information is reliable, understandable and relevant, and that the accounting standards used for the preceding year have been duly followed.
 - (e) Reviewing the internal control and risk management systems, including tax risks, so that the main risks can be correctly identified, managed and properly reported.
 - (f) Discussing with the auditor any significant shortcomings in the internal control system, detected during the audit, without undermining their independence. For such purposes, where appropriate, they may submit recommendations or proposals to the administrative body and respective period for their follow-up.
 - (g) Overseeing the internal auditing services, including, in particular:
 - (i) proposing the selection, appointment, re-election and separation of the head of internal auditing;
 - (ii) Approving the annual internal audit work plan, ensuring that their activity focuses primarily on the main risks the Company is exposed to; and receiving periodic information on the results of the work performed, including any incidents that may arise. Likewise, receiving an annual activities report and action plan to correct any deficiencies detected;
 - (iii) Ensuring the independence and efficiency of the internal audit function;
 - (iv) Proposing the budget for this same internal function;
 - (v) Receiving periodic information on its activities, and;
 - (vi) Verifying that senior management takes into account the conclusions and recommendations set forth in its reports.

D) With respect to the external auditor:

- (a) Referring to the Board of Directors the proposals for selecting, appointing, re-electing and replacing the auditor, being responsible for the selection process, pursuant to the provisions of the current regulations and the terms of their recruitment, regularly gathering information from them about the audit plan and its implementation, and preserving their independence in the exercise of their duties.
- (b) Ensuring that the accounts prepared by the Board of Directors are put before the General Shareholders' Meeting without qualifications in the associated audit report.
- (c) Overseeing compliance with the audit agreement, collecting information on the audit plan and its execution and ensuring that the opinion on the annual accounts and the main contents of the audit report are drawn up clearly and accurately.
- (d) Monitoring the decisions of the senior management team regarding any adjustments recommended by the external auditor, and to hear and, where applicable, mediate any disagreements between both parties.
- (e) Safeguarding the independence of the auditor, paying particular attention to any circumstances or issues that could jeopardise such independence, including that their remuneration does not compromise their quality or independence, and any others relating to the process of auditing the accounts:
 - (i) It shall be ensured that the Company publicly discloses to the CNMV (National Securities Market Commission), as a relevant event, any replacement of the auditor and includes a statement regarding any possible disagreement with the outgoing auditor and the details thereof. If the auditor resigns, then it shall explore the underlying causes.
 - (ii) It shall likewise ensure that the Company and the auditor adhere to current regulations safeguarding the independence of auditors, and those governing the provision of non-auditing services and the limits on the concentration of the auditor's business.
 - (iii) It shall establish a suitable relationship with the auditor to receive information on matters that may jeopardise the auditor's independence, so that it may be examined by the Committee, and any other matters related to the process of performing the audit, and, where necessary, authorise services that are not forbidden by the provisions of the current regulations.
 - (iv) Ensure that the external auditor has a yearly meeting with the Board of Directors in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
 - (v) Annually receiving from the auditors their statement of independence in relation to the related party or parties, in addition to a statement relating to additional services provided and the fees received by the external auditor or by the persons and entities related thereto, in accordance with the audit provisions set out in the regulations.
 - (vi) It shall annually issue, prior to the report on the auditing of the accounts, a report expressing its opinion on the independence of the auditor, containing the valuation of any additional services provided, considered on an individual basis and as a whole, in relation to the status of independence or to the rules governing the audit.
 - (vii) Ensure that the group's auditor also audits each component group company.

E) Reporting to the Board, prior to the latter making any respective decisions provided for in current regulations, in the Bylaws and in these Regulations, particularly with regards to:

- (a) The periodic financial information that the Company must publicly disclose, ensuring that it is prepared in accordance with the same standards and practices as those used for the annual accounts and, for such purpose, weighing up the merits of conducting a limited audit of the external auditor.
- (b) The creation or acquisition of interests in special purpose vehicles or those domiciled in countries or territories considered tax havens, plus any other similar transactions or operations which, owing to their complexity, might diminish the group's transparency.
- (c) Any structural and corporate modification procedures that are planned by the Company and, specifically, their economic conditions and accounting impact and, where applicable, the proposed exchange ratio.
- (d) Related-party transactions.

F) Address and, where appropriate, respond to any initiatives, suggestions or complaints raised by shareholders in relation to the Committee's remit, as referred to the Committee by the Company's General Secretary.

G) Set up and supervise a mechanism enabling employees to communicate confidentially and, if deemed necessary, anonymously, their concerns regarding possible irregular and potentially significant practices within the company, particularly those relating to accounting, finances and auditing.

H) Monitoring the effectiveness and operation of the compliance system.

The duties of the Audit Committee shall be:

- I) Evaluating all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.**

J) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Summary of its most important actions in 2019 The Audit Committee held 11 meetings in 2019.

Throughout its relationship with its external auditor (PricewaterhouseCoopers, S.L.), it ensured that the financial statements were presented without reservations or qualifications, and with total independence. Whenever the Audit Committee considered it appropriate, it required the presence of members of the management team, the internal audit and external auditors.

As in previous years, the Audit Committee has reviewed and analysed the financial statements of Viscofan S.A. and its Group prior to their presentation to the Board and communication to the CNMV and the securities markets, contained in the annual, half-yearly and quarterly reports, to confirm that this information is reliable, understandable and relevant and that accounting criteria consistent with the previous annual closing have been followed, for which it has had the necessary support from the group's senior management, especially from the areas in charge of the Consolidation and Financial functions, as well as from the Group's external and internal auditors.

Also, the Committee has dealt with issues such as the analysis of the acquisition of Nitta Casings Inc. (now Viscofan Collagen USA Inc.) and Nitta Casings (Canada) Inc. (now Viscofan Collagen Canada Inc.) and the monitoring of the purchase price allocation carried out in accordance with the present legislation.

The Committee analysed and approved the work plan for 2019 drawn up by internal audit, has regularly monitored its implementation and has been directly informed of any incidents in its development.

In relation to Directive 2014/95/EU, its implementing regulations in Spain and Law 11/2018 on non-financial information and diversity, the Committee has monitored the reporting process of this statement of non-financial information.

To better fulfil its functions, the Audit Committee may seek the advice of external professionals. The Audit Committee issues its own annual report of activities, available to the public on the company's website.

Lastly, it informed the Board of Directors of all of its activities, also delivering all the minutes of its sessions to the directors, as well as the information related to the risk map and tax matters.

C.2.1. FUNCTIONS OF THE APPOINTMENTS AND REMUNERATION COMMITTEE AND ITS MOST IMPORTANT ACTIONS IN THE YEAR

The Appointments and Remuneration Committee is regulated in article 33, paragraph 2 of the bylaws and in article 16 of the Regulations of the Board, which identically regulate its composition, the method for the electing and removal of its members and their main functions.

We attach below the content referring to the Board Regulations as a broader and more complete draft of the duties, procedures, organisation and operation rules of the Appointments and Remuneration Committee. Article 16 establishes the following:

The Appointments and Remuneration Committee or Committees shall be composed of a minimum of three and a maximum of six members and they shall be composed solely of non-executive Directors appointed by the Board of Directors. At least two of them must be independent directors.

The members thereof shall be appointed ensuring that they have the right balance of knowledge, skills and experience for the functions they are called on to discharge and they shall automatically step down when they cease to serve as Company directors or at the discretion of the Board of Directors.

The Committee's Chairman shall be selected from the independent directors who sit on the Committee or, as the case may be, each of the Committees.

The Appointments and Remuneration Committee or Committees shall report to the Board of Directors on the business it addresses and all resolutions it adopts and it shall submit the minutes of its meetings to all directors.

The purpose of the Appointments Committee shall be as follows:

- a) Evaluating the skills, knowledge and experience required by the Board and, as a result, defining the functions and abilities required from candidates who are to cover each vacant position and evaluating the amount of time and dedication required for the effective performance of their duties.
- b) Setting a representation target for the least represented sex on the Board of Directors and preparing guidelines on how to achieve this target.
- c) Providing the Board of Directors with proposals for appointing independent directors, for appointment by co-optation or submission for voting at the General Shareholders' Meeting. Submitting proposals for the re-election or removal of these directors.
- d) Provide information on proposals for the appointment of all other Directors for appointment by co-optation or submission for voting at the General Shareholders Meeting, as well as proposals for their re-election or removal by the General Shareholders Meeting.
- e) Provide information about proposals for appointing and dismissing of senior management and principal conditions of their contracts.
- f) Review and organise the succession procedure for the Chairman of the Board of Directors and the Chief Executive Officer and, as the case may be, submit proposals to the Board of Directors to ensure that such succession is handled in an ordered and planned manner.

The Appointments Committee shall consult with the Chairman of the Board of Directors and the Chief Executive Officer of the Company, especially on matters relating to executive directors.

Any director may request that the Appointments Committee consider any potential candidates who they believe to be suitable to cover vacancies on the Board.

- g) Propose to the Board of Directors the remunerations policy of the directors and senior officers, as well as the individual remuneration and the rest of the contractual conditions of the executive directors, and ensure its observance.
- h) Propose to the board the standard conditions for senior officer contracts.
- i) Monitor compliance with the remuneration policy set by the company.
- j) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
- k) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- l) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.
- m) Periodically evaluating the effectiveness of the Company's corporate governance system, to confirm that it is fulfilling its mission to promote the interests of the company and catering, as appropriate, to the legitimate interests of remaining stakeholders.
- n) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- o) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
- p) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
- q) Monitor and evaluate the company's interaction with its stakeholder groups.

The Remuneration Committee shall consult with the Company's Chairman and Chief Executive Officer, especially on matters relating to executive directors and senior managers.

Summary of its most important actions in 2019

The Appointments and Remuneration Committee met on 8 occasions in 2019 and, whenever considered appropriate, the presence of senior management members was requested.

The Committee reviewed the qualification of directors, it prepared reports for the assessment of executive directors and the assessment of the Committee itself and it headed the assessment of the Board and its committees regarding its activities in 2019. It was advised by Korn Ferry in the evaluation of the Board and its committees.

It has also analysed the skills, knowledge and experience required in the Board, including updating the skills matrix with the advice of Russel Reynolds. It requested the presence of the Lead Director in order to learn about the concerns of non-executive directors, it submitted to the Board of Directors the proposals and for increasing the number of members of the Board of Directors.

The Appointments and Remuneration Committee, in accordance with the Policy on Selection of Directors and the diversity objectives, considered the suitability of identifying female candidates of the less represented gender and made reports for the proposal of re-election or appointment of Directors at the next General Meeting of Shareholders, whose appointments will be Finally, as regards this section on attracting and retaining talent and guaranteeing its continuity, it reviewed the succession plans for the Chairman, the Managing Director and Senior Management and the talent management policy.

Likewise, the Committee fulfilled its role in relation to the preparation of the Annual Report on the remuneration of directors, as well as in setting and reviewing the objectives to which annual and multi-year variable remuneration is subject, and proposed the new long-term incentive plan that includes new requirements for three-year remuneration, both for directors and for senior management, which includes payment in cash and shares, as well as, in short, the salary policy for senior management.

The Committee assumed its new functions related to the supervision and monitoring of the sustainability of the Viscofan Group, has reviewed the Sustainability Action Plan proposed by the Management for approval by the Board of Directors.

the Committee for work-life balance of employees of the Viscofan Group also reported to this committee.

POINT D.6. Detail the mechanisms established to detect, determine and resolve any possible conflicts of interest between the company and/or its group, and its directors, managers and/or significant shareholders.

The duty to prevent conflicts of interest is governed in article 26 of the Board of Directors Regulations. It states the following: "The directors shall adopt the measures required to avoid any conflict with the interests of the Company and with their duties towards the company and its group of companies, and they shall be obliged to inform the Board, prior to occurrence or as soon as they are aware of the existence thereof, with the obligation to immediately resign should said conflict persist or should their presence on the Board be contrary to the company's interests.

Directors shall refrain from discussing and voting on matters in which they have either a direct or indirect interest, even through related parties, except in the resolutions or decisions affecting their capacity as members of the Board, such as their appointment for or removal from positions within the Board.

Likewise, the directors shall refrain from conducting transactions with the company, except for ordinary transactions, of little importance, made in standard conditions for customers.

Any conflicts of interest involving the directors shall be included in the annual corporate governance report.

The directors shall inform the company and, where appropriate, shall resign, in cases in which the credit and reputation of the Company may be damaged and, in particular, in criminal proceedings in which they may appear as defendants, informing of the progress of any such prosecution. In this event, the Board shall study the case. The progress of the case shall be monitored and, in view of the same, a decision shall be taken as to whether or not the Director should continue in office.

Directors cannot, either personally or through an intermediary, carry out activities or hold positions of any nature in businesses or companies that are currently or potentially competitors of Viscofan and its group of companies; neither may directors act as a representative or consultant to such businesses or companies or perform any other activity that puts them in conflict with the interests of the Company."

The duty to abstain is regulated by Article 27 of the Board of Directors Regulations. It states the following:

"Directors must not use the name of the Company or its related companies, or take advantage of their position to conduct transactions for themselves or related parties.

A director's duty to abstain implies not making personal use of the company's assets, including any confidential information received while fulfilling their role as a director and not making any investments or conducting any commercial transactions related to the fulfilment of said role, for their own gain or that of related third parties.

Directors shall abstain from trading - or suggesting that anyone else trades - in the securities of the Company or its related companies, regarding which they have inside information due to the position they hold.

The directors may not take advantage of the business opportunities of the company and its related companies, obtain advantages or remuneration from third parties, except for mere courtesy services in compliance with current internal regulations."

Moreover, both the duty of loyalty and the duty to avoid conflicts of interest extends to related persons, whose definition is established in Article 28 of the Board of Directors Regulations. Related persons.

"The director's duty of loyalty, of avoiding conflicts of interest and duty to abstain in their various facets, also covers those activities performed by related parties, based on the definition set forth in these Regulations.

For the purpose of these Regulations, the following shall be considered to be related parties:

1. The director's spouse or spousal equivalent.
2. The ascendants, descendants and siblings of the director or spouse.
3. The spouses of the ascendants, descendants and siblings of the director.
4. The companies in which the administrator, either personally or through an intermediary, directly or indirectly, holds or has the power to hold control, holds an executive position or has a significant shareholding.

If the administrator is a legal entity, then the following shall be understood to be related parties:

- 1) The shareholders who, in relation to the legal entity administrator, hold or may hold, directly or indirectly, the control, hold an executive post or who have a significant shareholding.
- 2) De jure or de facto administrators, official receivers, and those attorneys-in-fact with general powers of legal entity administrator.
- 3) Companies forming part of the same group, that constitute a decision-making unit due to the fact that one of them holds or has the power to hold, directly or indirectly, the control of the rest, or because said control corresponds to one or several natural persons acting together as one.
- 4) Those persons that, in accordance with the paragraph above, are related to the directors of the legal entity administrator."

Article 34 of the Board of Directors Regulations states the following regarding duties in relation to significant shareholders:

"Directors acting on behalf of major shareholders shall ensure that the aforesaid obligations of directors are extended to the shareholders, in addition to any legal obligations and those set out in the Articles of Incorporation.

Any transactions performed with these major shareholders shall be approved by the Board in a plenary session and must be included in the Company's annual report and in the annual corporate governance report and comply with the current legislation."

Lastly, Article 36 of the Board of Directors Regulations, regulating the use of voting by proxy, reads as follows:

Directors who have made public requests for representation may not exercise their voting rights pertaining to the represented shares in relation to the business on the agenda in which they have a conflict of interests and, in all cases, in relation to:

- a) Their appointment, ratification, removal or resignation as a director.
- b) The bringing of an action for liability against him/her.
- c) The approval or ratification of transactions with the company in relation to which the director has a conflict of interests.

Furthermore, the Viscofan Group Code of Conduct includes among its general ethical principles loyalty, in accordance with which directors, managers and employees of the Viscofan Group, as well as any person that develops his/her professional activity within the Viscofan Group, should act with loyalty in the permanent defence of the Group's interests and shall refrain in particular from carrying out any actions and operations, of whatever nature, that could mean a conflict between their personal interests and those of the Group, and even more so when those actions could be in the interest of competing companies. Likewise, among the action recommendations, the Code includes information regarding conflicts of interest:

"Viscofan Group employees shall notify the Regulatory Compliance Committee, or, where applicable, the Viscofan S.A. Board of Directors, regarding any economic, family or any other link that could give way to conflicts of interest because it could compromise their impartial action. In the event of a conflict of interests, employees shall be governed by the principles of

independence and abstention, and, by virtue of these, shall refrain from performing operations in which conflicts of interest exist, unless under the strict authorisation of the Viscofan S.A. Board of Directors."

POINT E.1 Explain the scope of the company's Risk Control and Management System, including those of a tax-related nature.

The risk management system of the Viscofan Group is regulated by the Policy on risk management control approved in 2017, whose object is to establish basic principles and the general framework for acting for the control and risk management of any nature to which the Viscofan Group faces with the purpose of identifying, measuring, preventing and mitigating their possible impact on its activity in the case of occurrence.

This policy establishes that the Group's risk management system should operate in an integral and continuous manner, consolidating such management in the subsidiaries and at the corporate level. To this end, three basic principles are established:

Integration:

The risk control and management of the Viscofan Group must guarantee the preventive identification of the different risks that may affect its activity, integrating, coordinating and directing all actions aimed at preventing and mitigating such risks through a system that involves all the companies over which it has effective control, encompassing all employees, including senior management, and the Board of Directors of the Company itself.

The Company's control and risk management is based on a code of conduct that indicates the ethical principles and behaviour guidelines, supplemented by the internal operational policies, divided into: general policies, specific policies, and local policies. This risk management system and its policies come within the limits provided for in the rules and regulations applicable to the activity of the Viscofan Group.

Continuity:

The control and risk management must be reviewed and updated periodically to adjust to the situation of the Viscofan Group at all times in order to guarantee the preventative identification continuously in time and the adaptation to the mitigating measures and information and control systems of the different risk that could affect the evolution of this activity in a changing socio-economic, political and environment in its different geographical locations, as well as the composition of the Viscofan Group over time.

Transparency:

Risk control and management must guarantee reliable information to all stakeholders: shareholders, market, employees and the entire company, of the inherent risks to the Viscofan Group and the systems developed for their prevention and mitigation that contributes to the compliance of the growing requirements for information in different areas of the company's activity.

The general policy on control and risk management and their basic principles are materialised via an integral continuous control and risk management system, supported by different internal bodies that have different duties and responsibilities, and by a consistent process, at least, in the following actions:

- a) Identify the main keeping in mind their capacity to adversely affect the creation of sustainable value.
- b) Fix a level of risk that is considered acceptable in accordance with the circumstances of the Viscofan Group at all times via the establishment of tolerances and adopt the means of measurement.
- c) Identify, implement and maintain an integrated control system in the internal regulations of the Viscofan Group identifying or, where applicable, approving the codes, policies and procedures aimed at mitigating the identified risks in case they materialise.
- d) Assess the suitability and efficiency of the control system, its application, as well as its compliance by all the Viscofan Group employees.
- e) Review and, if applicable, adapt and reinforce the compliance system determining specific action plans in the case that the occurrence of one of the main risks negatively affects the creation of long-term sustainable value.

Knowing the location of each risk in the inherent map (that is, without applying the preventive, mitigating and/or corrective measures) and in the residual map (once such measures are applied), as well as its tolerance to risk, requires a continuous dialogue with the stakeholders through the channels established by the company. This system enables the Organisation to measure the effectiveness of the mitigating measures adopted and to focus on the risks that are still outside of the comfort zone, adding corrective and preventive measures that allow the impact and/or probability of the risk materialising to be lowered.

The Company's Risk Management System is monitored through various instances outlined in point E.2. The Global Risk Committee met four times in 2019 to update the methodology of the Risk Management process and the composition of the risk map. In any event, it is possible that there are additional risks that are not identified and that could also negatively affect the achievement of the Viscofan Group's objectives.

The organisation's risk map has been defined in accordance with the code of conduct, internal regulation and the Strategic Plan MORE TO BE, which encompasses the period from 2016-2020, and is presented adopting the COSO reference framework, grouping the existing risks in four categories:

1. Strategy: Those risks that affect the objectives at a high level, aligned with the mission of the Viscofan Group
2. Transactions: affect the objectives related to efficient use of resources and continued long-term activity, including reputational risks.
3. Information: Those risks that affect the reliability of information supplied and objectives regarding the availability of sufficient capital and resources to carry out the activity and achieve the financial objectives of the company
4. Compliance: Those risks affecting the objectives relating to compliance with applicable laws and rules and regulations, including internal rules, in addition to the protection of employees and the company.

The risks were identified under the same COSO reference framework, and are shown on the Viscofan Group's risk map under qualitative and quantitative parameters.

This annual corporate governance report was approved by the Board of Directors of the Company at its meeting of:

[27/02/2020]

Indicate whether any board members voted against or abstained from voting on approving the present Report.

[] Yes
[✓] No

VISCOFAN, S.A. AND SUBSIDIARIES

FINANCIAL STATEMENTS AND MANAGEMENT REPORT APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT: The Secretary of the Board of Directors, Mr. José Antonio Cortajarena Manchado, hereby certifies that the Board of Directors, at its meeting on February 27, 2020, approved the consolidated financial statements and the consolidated management report for the year ended December 31, 2019, which have been signed by him on each page for identification purposes. The consolidated financial statements comprise the attached documents preceding this certificate.

Mr. José Domingo de Ampuero y Osma

Chairman

Mr. Ignacio Marco-Gardoqui Ibáñez

Vice Chairman

Ms. Agatha Echevarría Canales

Member

Mr. Nestor Basterra Larroudé

Member

Mr. José María Aldecoa Sagastasoloa

Member

Mr. Jaime Real de Asúa Arteche

Member

Mr. José Antonio Canales García

Member

Mr. Juan March de la Lastra

Member

Mrs. Laura González Molero

Member

Mr. Santiago Domecq Bohórquez

Member

Secretary of the Board of Directors
Mr. José Antonio Cortajarena Manchado