

COMMERCIAL AND SUPPLY MANAGEMENT

The customer is at the centre of all the decisions we make about our products. We seek their safety, their satisfaction and their loyalty through a product of the highest quality, 100% safe and totally adapted to their needs through our Technical Assistance service. To this end, we pamper the product from raw material to final delivery to the customer, placing emphasis on continuously improving our production processes to make them ever more efficient and responsible. It is important to feed millions of households around the world but it is even more important to do so in a responsible and sustainable way.



MATERIAL ASPECTS

- Customer satisfaction
- Health and safety of consumers
- Customer privacy and data protection
- Innovative and responsible products

Our commitment to Sustainable Development Goals



- Applying our knowledge to design sustainable products that help avoid food waste.
- Investing in R&D that will enable more efficient and sustainable sausage manufacturing processes, contributing in the long term to meeting the growing demand for food.



- Boosting energy efficiency throughout the value chain, developing packaging that minimizes waste generation - such as gas emissions and wastewater generation, among others - during manufacturing and subsequent processing.
- Promoting the reduction of the impact of transport on the environment and boosting a sustainable local economy.

The Viscofan Group places the customer at the centre of its operational decisions, continuously trying to provide him with the best value proposition in order to strengthen efficiency and have a greater diversification in the product and maintaining strict quality and food safety controls. We offer the highest quality in our products and services through:

- **Complete product range**
- Homologation of **suppliers**
- Renowned **customer service**
- Sound **product safety** and food hygiene system
- Continuous evaluation of **customer satisfaction**

Product range

We offer the widest range of products so that the customer can choose the casing that best suits his needs. More than 14,000 product lines were sold in 2019.

Viscofan, as the world leader in the production and distribution of casings, is the only company that manufactures

products in the five main artificial casing technologies: cellulose, collagen, fibrous, vegetal and plastic casings. To this end, we take the utmost care with the raw materials we work with, ensuring that the highest standards of health and food safety are maintained at all stages of production, and we devote special efforts

to seeking a more sustainable solution in the transformation of our products.

Cellulose casings

Our small size cellulose casing is characterised by its high elasticity, consistency of size and homogeneity. The ease with which this casing is peeled guarantees a fast and uninterrupted production process. It also stands out for the excellent smoking properties and for the perfect absorption of colour and flavour. It can be printed in a large variety of colours and stripes, and its transparency and brightness give the product a very appetising appearance.

They are used primarily in the production of industrially cooked sausages. It is especially focused for traditional applications such as frankfurters, Vienna sausages, hot-dogs and raw-cured products.

Brands

Viscofan. Flexmax

Main raw material: cellulose

Cellulose is a linear polymer composed of glucose units found in the wall of cells in plants, wood and natural fibres, usually combined with other substances such as lignin, hemicelluloses, and other components. To produce casings, the cellulose chain must be broken to re-polymerise it with the appropriate structure for its extrusion in the form of a casing. This process requires cellulose with a high level of purity, also called "Premium cellulose" or "special cellulose" by our approved suppliers.

Sustainability commitment

All our suppliers are certified by the international PFEC or FSC certification program, which ensures that the cellulose they obtain comes from sustainably managed trees and forests.



Collagen casings

It is an alternative to animal gut. These are casings that improve the appearance of the product, thanks to their smoked properties and perfect development of colour and flavour, fulfilling the consumer's wish to obtain a product with a classic and appetizing appearance. It is ideal for both cooked and raw-cured sausages. Collagen has great resistance because it stands fast filling, over cooking and hanging. This is why their performance in the production process is quite efficient. Collagen products stand out for being very uniform (standard size), and small sizes have good properties for frying and for a perfect "bite".

The classic collagen sheet (Coffi), and the pleated collagen with a net (Coffinet) offer new possibilities that go beyond traditional shapes, making it possible to produce cooked hams, cylindrical sausages and marinated and smoked items.

Brands

Colfan, Viscofan Natur, Edicurve, Eficook, Efidry

Main material: collagen

Collagen is a very common long fibrous protein with remarkable chemical and mechanical properties. It has been used for many years as a basic raw material for several applications, as well as for sausage casings. Among others, it is used in the fields of biomedicine and cosmetics, as well as applications in the food industry. It is also the basic material for the large gelatine industry. The corium, or inner part of the skin of cattle is mainly used to produce collagen casings, which is very rich in collagen. For applications in very specific markets, collagen is also obtained from pig skin.

Sustainability commitment

European skin suppliers comply with animal welfare codes.



Fibrous casings

Fibrous casings give the product a high endurance and homogeneity of calibre but less elasticity than cellulose casings. Fibrous casing is mainly used for large sausages, products such as mortadella or salamis, which require excellent size consistency, high mechanical resistance during the production process and ease of peeling.

They homogeneously transfer colour and aroma. The variety of colours available add value to the final product by improving it visually and giving it a very appetising appearance.

Brands

Securex, Zip, PSX, Titanium

Main raw material: abaca paper

It is obtained from a herbaceous plant called *musa textiles*. Paper made from its fibres has a high mechanical and moisture resistance, and is used at Viscofan to produce fibrous casings. Abaca fibre is also used by other industries to produce high quality paper and non-woven textiles for various uses such as tea bags, paper money and filters.

Sustainability commitment

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Plastic casings and packaging solutions

There is a wide variety of types (in tube format and also in film format) that allow us to offer the most suitable product for each type of application. The tubular plastic casings are extremely resistant to the filling process and their barrier properties maintain the constancy of the aroma, colour and weight of the product during its distribution and sale. These barrier properties maximise product life and cooking performance.

The plastic casings offered by Viscofan also incorporate exceptional characteristics such as a great ease of product moulding, peeling and slicing, and they maintain the organoleptic properties of the final product during its shelf life.

Within the plastics division, there is a family of products focused on food packaging. Viscofan specialises in two of these types of products. On the one hand, the “Nanopack” plastic films, which are sheets for separation of sliced foods. These films - also called interleavers - enhance the visual characteristics of the product, its colour and brightness, and its presentation, since they avoid slices of the product sticking together. On the other hand, retractable bags and “Vector” packaging films extend the catalogue of retractable bags that the company has had for many years, adding a new technology that provides options and properties to cover with a wider range of applications in the meat and dairy sector.

Our catalogue also contains products that can transfer spices, aromas, flavours or colours, depending on the added value requirements requested by our customers.

Brands

Viscofan Smoke, Betan, Tripan, V-4000, Vector, Nanopack

Main raw material: plastic polymers

Plastic casings are obtained by treating different plastic polymers widely used in different industries. The most commonly used polymers are polyethylene, polypropylene and polyamides.

Sustainability commitment

We are working on the Eco-Casing 4R project to find the most sustainable solution for our plastics.

We have reduced the thickness of our casings.

We have also reached a collaboration agreement with raw material suppliers for the development of recycled plastic.

The development of an original bio casing has been achieved and is ready for marketing in 2020.



Functional solutions

Viscofan functional casings and packaging solutions provide high added value, incorporating new colour, flavour and spice properties into a variety of products..

Viscofan functional solutions are also applicable to a wide range of foods such as fresh products (meat, vegetables, fish), processed meats, cheeses and ready-to-eat products.

Brands

Vispice

Main raw material: plastic polymers

They can be made under different technologies, such as polymers, collagen or abaca paper.

Sustainability commitment

Plastic casings allow the process to be carried out in a single step and without manual intervention, ensuring homogeneous production with significant reductions in cost and waste generation (less smoke emissions from smoking processes, significant reduction in the generation of waste water during manufacture, etc.).



Vegetable casings

A new generation of casing has been launched in 2019, based on plants and specially developed for vegetarian and vegan recipes. In addition to being 100% vegetable, it is a gluten, GMOs (genetically modified organism) and allergen free casing. For all these reasons, its composition makes it ideal for covering certain growing market requirements, particular legal and labelling conditions, or demands of religious nature.

The Veggie casing is suitable for fresh and cooked products, with good results in frying and a particularly tender bite. As it is a completely vegetable casing, it is edible and therefore does not need to be peeled.

Brands

Viscofan Veggie

Main raw material: vegetables

Viscofan has developed a new edible casing technology based on vegetables.

Sustainability commitment

Product launched commercially in 2019, free of allergens and GMOs.



In addition, Viscofan also markets **machinery solutions** with the aim of making it easier for our customers to use our casings. These machines have been designed for casings for which the meat machinery market does not offer adequate solutions due to their special application.



The Viscofan Group is committed to its suppliers and establishes relationships with them that are based on respect and trust, on the quality of products and services, and on the reciprocal opportunity for growth and learning.

Selection of suppliers

Consumption of main (cellulose, collagen, abaca, polymers) and auxiliary raw materials (those used for chemical transformation, such as glycerine and caustic soda, among others) represents 37% of the Group's raw materials consolidated consumption expense (41% in 2018).

Aware of the strategic importance and the impact that an adequate supply of raw materials and services has on the entire organisation, as well as the optimal management of the supply chain, the Viscofan Group is committed to its suppliers and establishes relationships with them that are based on respect and trust, on the quality of products and services, and on the reciprocal opportunity for growth and learning.

This is a commitment that we understand must be mutual and that globally links to all employees of the organisation in the use of best practices in product purchase management and in any other service contracted.

Under this premise, Viscofan is analysing new actions to be carried out so that the management of the supply chain is developed in accordance with ethical standards and environmental criteria in line with the Group's Code of Conduct and the Sustainability Action Plan.

Viscofan has established a supplier approval system that ensures non-discriminatory treatment in the selection processes of suppliers and contractors, while seeking to ensure their compliance with quality, safety and cost criteria. In addition to this commitment, Viscofan expects suppliers to be innovative and efficient, to meet the legal and functional requirements, as well as the ethical practices required. In this sense

and in accordance with our Code of Conduct and with our Human Rights Policy, Viscofan rejects any type of child labour and, in accordance with this, our suppliers are asked to make a commitment similar to that included in our code of ethics.

In particular, our approval system for suppliers of raw materials and packaging includes a declaration of conformity on their performance commitments in accordance with internationally accepted ethical principles and human rights.

As of 2017, all the companies that make up the Viscofan Group began to request this commitment in the field of human rights and environmental criteria from new suppliers of raw materials, and it is expected that this commitment will be ratified by all of them in 2020.

Specifically, all suppliers of raw materials, packaging and maintenance must approve an internal homologation procedure comprising an on-site auditing by the quality team of Viscofan, or the completion of a questionnaire. In both cases, among other matters, the following systems are assessed: quality management (ISO 9001, IFS), food safety management in the case of suppliers of raw materials (FSSC 22000, BRC Global Standard, BRC Packaging), occupational health and safety management (OHSAS 18001/ISO 45001), environmental management (ISO 14001) and human rights management (UN Global Compact, BSCI). In the specific instance of collagen, the acquisition of animal hide (mainly cows) is required. In Europe this must comply with the European regulations of welfare of animals at the time of slaughter.

In addition, the activity of Viscofan Group in the countries in which it operates is geared to value creation for all stakeholders, including suppliers. Thus, in 2019 the company allocated 448 million euros as a reflection of the distribution of value to suppliers of goods and services, with 56% of purchases of raw materials from local suppliers² (54% in 2018), which favours the economic development of the communities where Viscofan is present.

In addition, the payment period for the Viscofan Group during 2019 was 23 days (28 days in last exercise 2018), which is lower than the maximum established by payment arrears regulations. Note 19 of the annual consolidated financial statements shows the information on the average supplier payment period during the year.



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2. Local suppliers are taken to mean of those with tax domicile in the same country where the company from Viscofan purchases.





Maintaining our leadership position in the global market in an environment as dynamic as the current one would be impossible without Viscofan’s excellent level of service and diversification. As a result of our presence in 18 nations we are able to offer suitable casings solutions to more than 1,911 customers in 109 different countries.

Sales team and technical service

Viscofan has the largest commercial network in the industry and the level of service of its technicians is widely recognised throughout the market. As experts in artificial casings, we are the only company in the sector that has its own technology in the main families of casings and therefore offers a global and integrated service to our customers, providing the casing option that best suits their needs.

Viscofan offers customers a Technical Service, which is a competitive advantage and of great help to customers when deciding, from the wide range of casings, which one is adequate for their needs. This work is of increasing importance because our customers are not divided by technology, but instead they use various technologies for different products, depending on the degree of sophistication of the meat

processor. Some 51% of the income comes from customers who have bought products in all our technologies.

In a continuous improvement model, through multidisciplinary teams representing sales, production, and research & development areas, the Viscofan Group identifies those issues that cause most concern to the meat industry and analyses, develops and implements the corresponding improvements.

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Product safety and food hygiene

In order to guarantee at all times the excellence of products and services for both customers and for the final consumer, Viscofan has a product safety and food hygiene system that covers all these aspects. Manufacturing facilities are built to food safety specifications, employees are trained in food hygiene and product safety, raw materials are tested for compliance with specifications previously agreed with certified suppliers, systems are in place to detect defective materials in the production system, pest control is implemented and policies are in place to monitor hazardous substances, personal hygiene and visitors.

These protocols configuring our product safety and quality system are based on the following core principles:



Viscofan has a hazard analysis and critical control point (HACCP) system in place. Hence, an inter-disciplinary team assesses every step of the production process to detect possible hazards (physical, chemical and microbiological pollution, including allergens), identify critical control points, establish relevant controls and take any required corrective action. The system is annually updated in line with any changes in the production process.



Casings manufacturing is becoming more tightly regulated, in the area of food safety, by countries and supranational institutions, making up a growing and constantly changing battery of rules. This regulatory framework directly affects the activity of different production plants due to laws in the country of origin and requirements in the receiving countries, and internationally recognised standards. For this work it has a specific department of Patents and Regulatory Affairs.



Viscofan operates a product traceability system that enables us to identify, at any time and in full detail, the history of every unit and even sub-unit sold, from receipt of raw materials to product used by our customers. In Europe, Viscofan fully implements a food traceability system under Regulation (CE) 178/2002.



To ensure that our product safety and food hygiene systems comply with requirements, our production processes are audited internally on a regular basis. Our production facilities are also continuously audited by health authorities, numerous customers and certification authorities.



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Certificates that prove the organisation's commitment to product safety, health and quality at its work centres as well as in all the activities carried out around the world are shown below:

Certifications of the Viscofan Group

Country	Plant	Certifications	
		Food safety	ISO 9001
Spain	Cáseda	BRC Pack BRC Food (Fibrous due for April 2020)	✓
	Urdiain	BRC Pack	✓
Czech Republic	Ceske Budejovice	BRC Pack BRC Food	✓
Germany	Weinheim Alfhausen	BRC Food BRC Pack	✓
Serbia	Novi Sad	BRC Pack BRC Food	✓
Belgium	Hasselt	BRC Pack	✓
China	Suzhou	BRC Pack BRC Food	✓
Canada	Montreal Moncton Toronto	BRC Pack BRC Food FSSC 22000	
USA	Danville Montgomery Kentland New Jersey	BRC Pack BRC Pack SQF Level 2 FSSC 22000	✓
Mexico	San Luis Zacapu	BRC Pack BRC Pack	✓
Uruguay	Pando	BRC Food	✓
Brazil	Itu Ermelino	BRC Pack BRC Food	✓
Australia/New Zealand	Sydney (Bankstown)	due for 2021	✓

The Viscofan Group also has Halal and Kosher certifications. These certifications, referring to food products, are based on regulations that are key to provide service to different markets and exploring new growth opportunities. The Halal certification is specifically designed for products sold in Muslim countries and Islamic communities, while Kosher certification is a requirement for food consumption by the Jewish community.

Customer satisfaction

Customer satisfaction is, along with service quality and product safety, a fundamental objective for Viscofan. A commitment strongly supported by the 34% of estimated market that has relied on our products in 2019.

In this sense, the sales team has a satisfaction evaluation system that allows them to directly obtain the opinion of the customers by measuring mainly four parameters (Product Quality, Delivery Service, Economic Competitiveness and Technical Assistance). In the last wave of the survey, a total of 197 questionnaires were sent out and a result reflecting an 86% satisfaction rate was obtained.

Likewise, Viscofan has a very comprehensive integrated complaints and claims system that facilitates dialogue and communication to record, identify, follow up and analyse any communication of dissatisfaction with the product or service provided by the Viscofan Group to its customers. It is a system of cross-sectional, continuous improvement in which the departments involved must analyse the cause of the dissatisfaction and provide the corrective actions that will be established in the organisation to avoid its repetition. Any dissatisfaction is analysed, making it possible to control both the material that is returned as a result of the complaints and compensations paid to customers. In 2019, a total of 3,373 complaints* were registered in our systems, including both service and administrative or product complaints, compared to 3,036 complaints in the previous year, and none were registered regarding customer data protection. A large part of the increase in complaints compared to 2018 is due to the increase in the volume and range of products, and

on the other hand, to greater discipline and efficiency in the registration of complaints - especially administrative, transport and commercial ones - which have been added to the technical ones, and for which the computer tool being used has been improved.

In addition, the Code of Conduct of the Viscofan Group establishes that "relationships with customers will be based on respect and transparency". Therefore, commercial messages fall within principles of transparency and veracity where no subjective comparisons are made nor is information given when it conflicts with third party rights. These action policies extend to all geographical areas where the Viscofan Group has a commercial presence. There were no sanctions or reports of breaches related to marketing communications or labelling of products and services in 2019, neither of violations of customer privacy or data loss.

* Those third-party products converted and distributed by Viscofan Globus Australia and New Zealand are not included, since their claims system is not currently integrated within the corporate system



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