

## 14. Non-current employee benefits and other provisions

The breakdown of this heading in the Consolidated Statement of Financial Position is as follows:

	Note	Thousands of euros	
		2023	2022
Defined benefit		17,266	16,278
Other staff remuneration		8,65	6,03
<b>Non-current employee benefits</b>	<b>14.1</b>	<b>25,916</b>	<b>22,308</b>
Provisions for other litigations		0	0
Other		43	0
<b>Other non-current provisions</b>		<b>43</b>	<b>0</b>
Provisions for guarantees / Returns		3,742	2,752
Safety in the workplace provision		534	1,407
Provisions for emission allowances		21,934	21,489
Other		18	553
<b>Current provisions</b>	<b>14.2</b>	<b>26,228</b>	<b>26,201</b>

### 14.1. Non-current employee benefits

The Group makes contributions to various different defined benefit plans. The most relevant plans are located in Germany, United States and Canada.

Actuarial valuations are used for all.

#### • Pension plans in Germany

A contribution is made through the Viscofan DE GmbH subsidiary for a defined benefit plan consisting of a life pension plan for retired employees. At 31 December 2023, there were 268 employees, 481 retirees, and ex-employees. At 31 December 2022, there were 293 employees and 475 retirees and former employees.

The number of the above beneficiaries does not include retirees who, from 2010 and 2013, are paid by the insurance company. The agreement does not imply cutting back or cancelling the policy, as the obligation ultimately lies with Viscofan DE GmbH. However, the characteristics of the plan make the value of the assets and liabilities constant for the duration of the contract, so that both the assets and the liabilities offset each other, resulting in a current value of zero for the obligation.

The net obligation corresponding to pension plans amounts to 14,400 thousand euros at 31 December 2023 and 12,293 thousand euros at 31 December 2022.

#### • Pension plans in the United States of America

The subsidiary Viscofan USA Inc., following its merger with Viscofan Collagen USA Inc, contributes to two defined benefit plans.

1) Retirement Plan for Hourly Employees. This plan provides a life annuity for employees and former employees of the company and has a total of 168 beneficiaries (22 of them serving and 146 of them retired and former employees).

The net obligation amounts to -189 thousand euros at 31 December 2023 due to the fact that the value of the fund is higher than the obligation. The plan's capitalisation rate is 101.96% of the value of the obligation.

At 31 December 2022 the net obligation amounted to 357 thousand euros with a capitalisation rate of 96.48 % of the value of the obligation and 175 beneficiaries (26 active and 149 retired and former employees).

This plan has been frozen as of 1 December 2010.

2) Retirement Plan for Salaried Employees. The plan provides an annuity for 126 participants (12 active, 114 retired and former employees),

with a net obligation amounting to 976 thousand euros at 31 December 2023, and a capitalisation rate of 91.19 % of the value of the obligation.

At 31 December 2022 the net obligation amounted to 1,620 thousand euros with a funding rate of 87.23 % of the value of the obligation

and 128 participants (14 active and 114 retired and former employees).

This plan has been frozen as of 31 January 2008.

• **Pension plans in Canada**

In fiscal year 2023, the pension plan registered by Viscofan Canada Inc. was outsourced. To this end, the Company has met the fund's needs in 100% by contributing CAD 139 thousand (equivalent to EUR 95 thousand) and subsequently transferring all the assets of the fund, CAD 5,265 thousand (equivalent to EUR 3,605 thousand), to an external insurance company.

In fiscal year 2022, there were 38 beneficiaries of the fund, including 16 active and 22 retired and former employees.

At 31 December 2022, the capitalisation rate was 100%, and the obligation equal to the fair value of the related assets.

This plan has been frozen as of 31 March 2011.

The most significant information regarding the pension plans was as follows:

a) Amounts recognised in the Statement of financial position:

	Thousands of euros	
	2023	2022
<b>Present value of the obligation</b>	<b>-38,215</b>	<b>-40,756</b>
Plans in Germany	-14,4	-12,293
Plans in the United States and Canada	-21,736	-26,457
Plans in other countries	-2,079	-2,006
<b>Present value of assets</b>	<b>20,949</b>	<b>24,478</b>
Plans in the United States and Canada	20,949	24,478
<b>Net obligation at 31 December</b>	<b>-17,266</b>	<b>-16,278</b>

b) Changes in the present value of net obligations:

	Thousands of euros							
	Germany		Plans in the United States and Canada		Plans in other countries		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Obligation at 1 January</b>	<b>12,293</b>	<b>18,957</b>	<b>26,457</b>	<b>32,884</b>	<b>2,006</b>	<b>2,341</b>	<b>40,756</b>	<b>54,182</b>
Current service cost (Note 20)	143	278	0	0	72	62	215	340
Interest cost	509	245	1,163	885	121	86	1,793	1,216
Payments made	-397	-332	-1,981	-2,166	-219	-155	-2,597	-2,653
Actuarial loss (gain)	1,852	-6,855	530	-7,019	65	-492	2,447	14,366
Exchange gains (losses)	0	0	-826	1,873	34	164	-792	2,037
Pension fund outsourcing	0	0	-3,607	0	0	0	-3,607	0
<b>Present value of the obligation as at 31 December</b>	<b>14,4</b>	<b>12,293</b>	<b>21,736</b>	<b>26,457</b>	<b>2,079</b>	<b>2,006</b>	<b>38,215</b>	<b>40,756</b>
<i>Active</i>	5,489	5,096	2,416	3,524	973	818	8,878	9,438
<i>Former employees</i>	1,887	1,785	4,448	4,851	0	0	6,335	6,636
<i>Retirees</i>	7,024	5,412	14,872	18,082	1,106	1,188	23,002	24,682

c) Changes in the fair value of plan assets in the USA and the Canada:

	Thousands of euros	
	2023	2022
<b>Fair value of assets at 1 January</b>	<b>24,478</b>	<b>29,403</b>
Return on assets	2,62	-4,395

Company contribution	95	0
Payments made	-5,463	-2,166
Exchange gains (losses)	-781	1,636
Acquired in business combinations	0	0
<b>Fair value of assets at 31 December</b>	<b>20,949</b>	<b>24,478</b>
<i>Cash</i>	<i>0</i>	<i>0</i>
<i>National investment funds</i>	<i>20,148</i>	<i>22,287</i>
<i>International investment funds</i>	<i>801</i>	<i>2,192</i>

d) Information relating to the amounts recognised in the consolidated income statement.

Current service costs for the period are included in employee benefits expenses.

	Thousands of euros	
	2023	2022
<b>Current service cost</b>	<b>215</b>	<b>340</b>
Plans in Germany	143	278
Plans in other countries	72	62
<b>Net financial cost</b>	<b>628</b>	<b>-163</b>
Interest cost of plans in Germany	509	245
Interest cost of plans in the United States and Canada	-2	-494
Interest cost of plans in other countries	121	86
<b>Expense (income) recognised in the year</b>	<b>843</b>	<b>177</b>

e) Information relating to the amounts recognised in the consolidated statement of comprehensive income:

	Thousands of euros	
	2023	2022
<b>Actuarial loss and gain</b>	<b>-992</b>	<b>8,593</b>
Derived from changes in demographic assumptions	-1,977	14,741
Derived from changes in financial assumptions	0	0
Derived from experience	-470	-375
Return, other than expected return, on plan assets	1,455	-5,773
<b>Tax effect</b>	<b>693</b>	<b>-1,997</b>
<b>Net profit or loss recognised in the Consolidated Statement of Comprehensive Income (Note 12.3)</b>	<b>-299</b>	<b>6,596</b>

f) Principal actuarial assumptions used in the plans:

- Pension plans in Germany

	2023	2022
Annual discount rate	3.5%	4.2%
Expected rate of pension increases	2.3%	2.3%
Expected age of retirement for employees	65-67	65-67

The mortality tables used to quantify the defined benefit obligation were those corresponding to Heubeck Richttafeln 2005 G.

- Pension plans in the United States and Canada

	2023	2022
<b>USA</b>		
Annual discount rate	5.1%	5.1%

Expected rate of return on assets	5.3%	5.3%
<b>Canada</b>		
Annual discount rate	0%	5.2%
Expected rate of return on assets	0%	5.2%

The mortality tables used to determine the defined benefit obligation were those for Pri-2012 Private Retirement Plans Mortality Tables (in the USA) and the Canadian Private Sector Pensioners' Mortality Table combined with the mortality improvement scale MI-2017 (in Canada).

g) Future payments expected for coming periods:

	Thousands of euros	
	2023	2022
Payments to be made within the next 12 months	2,377	2,666
Payments to be made between 1 and 2 years	2,342	2,623
Payments to be made between 2 and 3 years	2,382	2,635
Payments to be made between 3 and 4 years	2,392	2,685
Payments to be made between 4 and 5 years	2,37	2,698
Payments to be made between 5 and 10 years	11,54	13,141
Payments to be made over 10 years	22,289	24,836

h) Sensitivity analysis for each of the main assumptions.

How would the obligation affect a possible reasonable change in each assumption at year-end.

	Thousands of euros	
	2023	2022
<b>Discount rate</b>		
50 basis point increase	-1,949	-2
Decrease by 50 basis points	2,145	2,178
<b>Pension increases</b>		
50 basis point increase	923	760
Decrease by 50 basis points	-845	-698
<b>Life expectancy</b>		
Increase by 1 additional year	1,236	1,212

The sensitivity analysis is based on a change in one hypothesis while considering the remaining hypotheses as unchanged.

#### • **Other employee benefits and long-term remuneration**

The movements at 31 December 2023 and 2022 are as follows:

	Thousands of euros	
	2023	2022
<b>Balance as at 1 January</b>	<b>6,03</b>	<b>4,354</b>
Exchange gains (losses)	-37	19
Transfer to outstanding remuneration	-48	-179
Allowances	2,853	3,27
Payments	-148	-1,434
<b>Balance as at 31 December</b>	<b>8,65</b>	<b>6,03</b>

In the 2023 financial year, 6,042 thousand euros corresponding to the Long-Term Incentive Plan are included. In 2022, 2,539 thousand euros were transferred to "Remuneration payable" under this heading for this item.

The features of the Long-Term Incentive Plan are detailed in Note 23.

Included under this heading are prizes that the subsidiary Viscofan DE GmbH has established for its employees. This loyalty bonus is received when its employees complete 25 years of service. Employees receive a payment of 1,000 euros and a month's gross salary multiplied by 0.8 plus one day of holidays; when reaching 40 years of service, a payment of 1,000 euros and a month's gross salary multiplied by 1.1 plus one day of holidays; when reaching 50 years of service, one day of holidays.

The number of beneficiaries amounts to 532 employees (543 in the previous period), while the obligation amounts to 1,431 thousand euros and 1,378 thousand euros at 31 December 2023 and 2022, respectively. The beneficiaries received 154 thousand euros in payments during 2023 (2022: 162 thousand euros). The payable amount expected for 2024 totals 155 thousand euros.

recognised service costs and financial expenses for the current period amounted to 77 thousand and 55 thousand euros, respectively (2022: 114 thousand and 21 thousand euros, respectively).

The hypotheses used for calculating the obligations were the same as those used for the pension plan of the same subsidiary as described in the previous point.

## 14.2. Current provisions

### (a) Provision for guarantees / refunds

A provision is recognised for warranty claims anticipated for products sold during the last year, based on past experience regarding the volume of returns. Most of these costs are expected to be incurred in the following year.

(b) Safety in the workplace provision

The safety in the workplace provision covers claims brought against the Group by certain employees, most of whom work for the Brazil subsidiary, in relation to resignations or terminations. These claims did not arise as a result of a specific incident, but are customary practice in Brazil. After seeking appropriate legal counsel, the directors consider that the result of the litigation will not significantly differ from the amounts provisioned at 31 December 2023.

(c) Emission rights provision

The emission rights provision includes the estimated consumption of emission rights during 2023 and 2022 valued in accordance with the measurement standard described in Note 4.17.

### **14.3. Contingent assets and liabilities**

(a) Contingent liabilities

Legal claims of various kinds have been filed against Brazilian subsidiary Viscofan do Brasil, amounting to BRL 40,400 thousand (EUR 7.7 million), of which only EUR 175 thousand are classified as probable. There are sufficient provisions to cover the probable risk.

In April 2023, Sayer Technologies filed a lawsuit against the US subsidiary Viscofan USA Inc. in the state of New Jersey claiming USD 137,309 for unpaid invoices. Viscofan USA Inc. has opposed this claim on the grounds of prior breach of contract and has filed a counterclaim in July. It is currently awaiting a decision from the court.

b) Contingent assets

American subsidiary Viscofan USA Inc. has filed a lawsuit against Ameren Corporation claiming damages of USD 6 million for negligent maintenance of the electrical substation, which has caused several plant shutdowns in the last year. A court decision is currently pending on the motion filed by Ameren Corporation to dismiss the lawsuit.