



2.2

Governance Pillar

Governance pillar

Viscofan adds a strategic value to its good corporate governance to provide a high level of trust to make its business goals and structure compatible with the protection of the rights of all stakeholders.

Material aspects Governance pillar

- Good governance
- Sustainability strategy
- Stakeholder communication
- Corruption and fraud
- Risk management
- Respecting human rights

2023 Highlights

- The General Shareholders' Meeting held in April 2023 approved the re-election of José Domingo de Ampuero y Osma as director for the statutory term of four years, and the ratification of the appointment by co-option and re-election of Javier Fernández Alonso as director with the category of nominee external director, for the statutory term of four years.
- The General Meeting of Shareholders also approved, by absolute majority, the Remuneration Policy for Directors for the years 2024, 2025 and 2026.
- The Board of Directors of Viscofan has agreed a change of type from executive chair to non-executive chair, which includes the appointment of a First Executive.
- Based on this agreement, the Chairman José Domingo de Ampuero y Osma, with effect from 1 January 2024, ceases to hold his executive functions in the Company and the Group, continuing his tenure as non-executive Chair of the Board of Directors and, consequently, moving to the category of "other external directors". José Antonio Canales García, Director-Managing Director, has been appointed First Executive of Viscofan, also with effect from 1 January 2024.
- Carmen de Pablo Redondo, independent external director, has resigned, with effect on 20 December 2023, as a member of the Board of Directors of the Company and its Audit Committee due to her increased professional responsibilities as Director of finance, strategy, sustainability, M&A, and systems in her company. To fill the vacancy, the Board of Directors has co-opted Verónica Pascual Boé, as independent external director, and Andrés Arizkorreta García, as member of the Audit Committee.



2.2.1. Good governance practices

Good corporate governance is a key factor to generate value, improve economic efficiency, integrate businesses, and bolster the trust of its shareholders and other stakeholders, thanks to the appropriate division of functions, duties, and responsibilities, among all the Company's governing and management bodies.

In recent years, it has progressively reinforced its structure to ensure the incorporation of the principles and best practices of good corporate governance, both nationally and internationally, adapting them to the circumstances of the Viscofan Group until reaching the best level of compliance.

The basis of the Viscofan Group's governance is its Articles of Association, the Regulations of the General Shareholders' Meeting (both updated at the General Shareholders' Meeting of

2022), the Regulations of the Board of Directors and the Regulations of the Board's committees, and it has general ethical principles and guidelines established by the Group's Code of Conduct.

In turn, the good governance commitment of the Company's Board of Directors is expressed in its General Sustainability Policy, which aims to set out the basic principles and commitments that should govern the Group's sustainable development strategy.

This strategy, expressed in the new 2022-2025 Sustainability Action Plan, seeks to favour a culture of best practices in sustainability, and contribute to improving people's well-being, boosting the economic, environmental, and social development of the communities in which the Viscofan Group is present, and creating value in a sustainable manner through its ethical performance vis-à-vis all its stakeholders.

Proof of this is the new Beyond25 Strategic Plan, which redefines the business model with a market approach and adds Sustainability as a new transversal pillar of the company.



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improve economic efficiency, integrate businesses, and bolster the trust of its shareholders and other stakeholders.



Alongside this, the General Sustainability Policy is organised into specific policies in the main axes of sustainability procedures:

 Climate Change Policy	 Environmental Policy	 Diversity and Equal Opportunities Policy
 Tax Policy	 Policy of Respect for Human Rights	 Occupational Health and Safety Policy



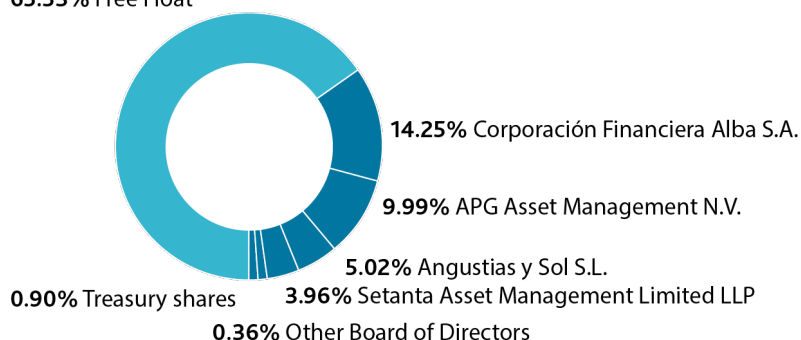
Governing Bodies

The governance structure of Viscofan is based on two main bodies: the General Shareholders' Meeting and the Board of Directors.

Shareholders and the General Meeting

At 31 December 2023, the Parent Company is aware of the following significant interests:

65.53% Free Float



The General Shareholders' Meeting is the supreme governing body of the Company in which shareholders decide by a majority vote on the affairs within the scope of their authority.

Viscofan has established the principle of "one share, one vote" which promotes equality among all of the company's shareholders. There is only one class of shares, giving the same rights and obligations to all of the Company's shareholders. There are no restrictions to voting and no limit to the number of votes that can be cast by a single shareholder.

In recent years, Viscofan has been pursuing a series of initiatives to promote transparency, communication and shareholder participation at the General Meeting, including information on the items on the agenda, an attendance premium of €0.01 per share, facilitating remote voting, electronic voting, electronic forum and a questionnaire to answer the most common questions regarding the General Meeting.

As a result of all these measures, the 2023 General Meeting for the year was attended by 86.1% of the company's share capital, maintaining the high attendance percentage at the General Meetings of recent years, above the average for listed companies, which is especially significant taking into account the company's high floating capital.

The breakdown of data on attendance at General Meetings in recent years is as follows:

Data on attendance at General Meetings

General Meeting	27/04/2023	29/04/2022	23/04/2021	24/04/2020
% present	20.1%	19.9%	19.3%	19.2%
% in representation by proxy and distance voting	66.0%	62.8%	62.8%	68.4%
Total attendance	86.1%	82.7%	82.1%	87.6%

In addition, the General Meeting is broadcast live on the internet and can be accessed via the Company's website, although the connection to this broadcast is not considered to be telematic attendance at the General Meeting.



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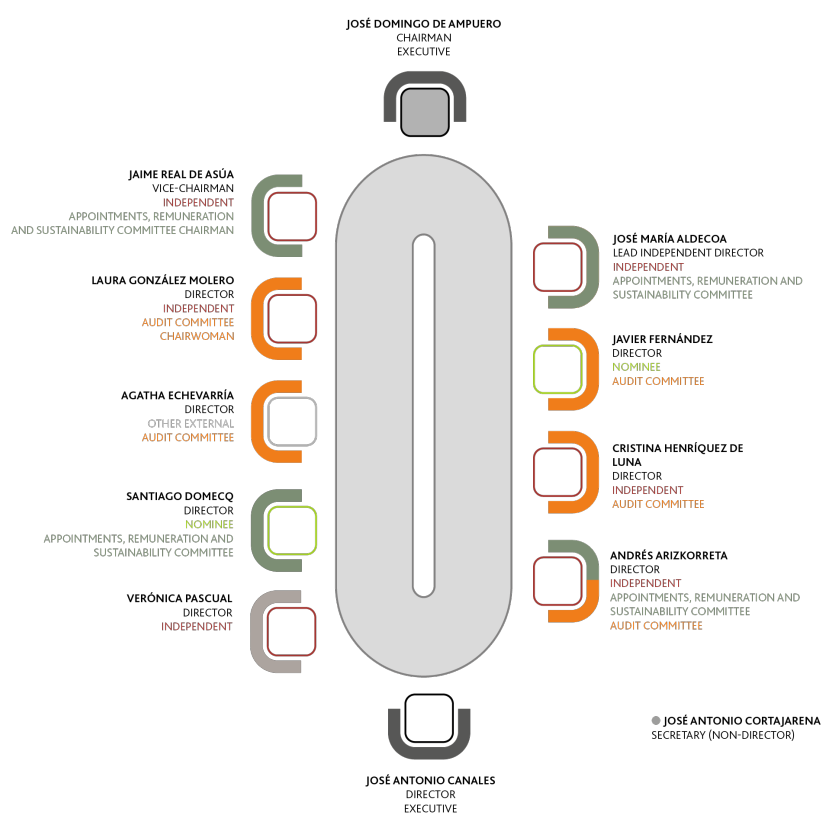
Board of Directors

Is the body in charge of representing and managing the Company and it is governed by the Regulations of the Board of Directors. Its essential function is the approval of the strategy, the basic policies, the preparation of financial statements and, in short, the general supervision of all aspects forming part of Viscofan S.A. and, where appropriate, of the companies forming its group of companies guided by corporate interest.

Composition at 31 December 2023

The Board of Directors consists of eleven directors, of which two are executive, two are nominee, one is other external directors and the other six are independent, thus complying with the good corporate governance recommendations stating that the number of nominee and independent directors should constitute an ample majority on the Board of Directors. The Secretary to the Board of Directors is not a director.

Board members



Changes to the composition of the Board of Directors and its Committees in 2023

The Board of Directors of Viscofan has agreed a change of type from executive chair to non-executive chair, which includes the appointment of a First Executive. Based on this agreement, the Chairman, José Domingo de Ampuero y Osmá, with effect from 1 January 2024, ceases to hold his executive functions in the Company and the Group, continuing his tenure as non-executive Chair of the Board of Directors and, consequently, moving to the category of "other external directors". José Antonio Canales García, Director-Managing Director, has been appointed First Executive of Viscofan, also with effect from 1 January 2024.

Carmen de Pablo Redondo, independent external director, resigned with effect on 20 December 2023 as a member of the Company's Board of Directors and its Audit Committee. This resignation was preceded by a letter addressed to all the directors in which she explained that her increased professional responsibilities as Director of finance,

strategy, sustainability, M&A, and systems in her company make it difficult for her, at the present time, to combine these responsibilities adequately with the functions required as a director in Viscofan.

To fill the vacancy left by Mrs. de Pablo, and at the proposal of the Appointments, Remuneration and Sustainability Committee, the Board of Directors has co-opted Verónica Pascual Boé as independent external director. Verónica Pascual Boé has accepted her appointment as a director of the Company. Also at the proposal of the Appointments, Remuneration and Sustainability Committee, Andrés Arizkorreta García has been appointed as a member of the Audit Committee to fill the vacancy of Carmen de Pablo Redondo.

Selection of Directors

The selection of Directors is specifically regulated in the Policy on the Selection of Directors and Diversity on the Board of Directors to ensure that proposals for the appointment or re-election of directors are based on a prior analysis of the skills required by the Board of Directors and to encourage the diversity of knowledge, experience, age and gender required on the Board at all times, taking into account the vacancies to be covered and the structure and composition of the Board.

This policy establishes the principle of diversity. Based on this, the selection of directors should be guided by the aim of achieving a diverse and balanced composition of the Board of Directors which would contribute different points of view to the discussions it holds, thus enriching the decision-making process. Thus, in the selection of candidates for board members, consideration will be given to candidates whose appointment contributes to increasing the diversity of knowledge, skills, experience, origins, nationalities, age, and gender. The selection process should avoid implicit biases that may imply discrimination and, in particular, the selection of female directors is actively promoted. To this end, when the Appointments, Remuneration and Sustainability Committee or the Board itself, as the case may be, has to propose the appointment or re-election of directors, without prejudice to respect for the competence matrix, the inclusion in the process of candidates who contribute to incorporating directors of the least represented gender is actively sought and, when faced with two similar professional profiles, the female candidate will be chosen.

Consequently, the Appointments, Remuneration and Sustainability Committee, in view of the vacancy left by Carmen de Pablo Redondo, carried out a search for the most suitable profiles for joining the Board of Directors based on the provisions of the above Policy and finally proposed the appointment of Verónica Pascual Boé as a new director, thus maintaining the number of directors of the less represented gender on the board at 36%.

In addition, the Appointments, Remuneration and Sustainability Committee in compliance with Recommendation 14 of the Good Governance Code of Listed Companies (GGC) and the Selection and Diversity Policy, in relation to the prior analysis of the needs of the Company and the competencies required by the Board of Directors regarding the proposals on the composition of the Board of Directors for the General Shareholders' Meeting of 2024, issued a report on 15 February 2024, which will be made available to the shareholders, proposing the reduction of the number of members of the Board of Directors from eleven (11) to ten (10) members, considering that this maintains a balanced and diverse composition and, in particular, the percentage of women out of the total number of members of the Board of Directors will reach 40% (compared to 36% as at 31 December 2023), reaching the target of female representation set out in recommendation 15 of the GGC.



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Curricula and Profiles of members of the Board of Directors

The curricula and profiles of the members of the Board of Directors at 31 December 2023 are detailed in section C.1.3 of the Annual Corporate Governance Report forming part of this Management Report. They are also available on the Company's website, in the Corporate Governance section.

Performance of functions

To perform their duties with the required rigour and efficiency, the Company's Board of Directors prepares an annual schedule of meetings and the annual work plan of the Board itself and of its various committees, so that the directors can better plan and to facilitate their commitment to and attendance of meetings. Directors receive the information they need well in advance, including, as appropriate, the minutes or reports of the different Board Committees.

Actions are still being carried out to guarantee the participation of the directors, facilitating their dedication and attendance to the meetings, to provide them with tools to give more in-depth knowledge of specific aspects of the activity and specific environments of the different production centres, thus improving the monitoring of the strategy of the Group and of each of its companies.

In addition, the annual plan includes visits to some of the Group's production centres and the participation of executives to enable enhanced monitoring of the implementation of the Group's strategy and of the management of each of its companies.

Throughout 2023, the Board met 11 times, the Chairman attended 100% of the meetings, there was 98% attendance in person over the total number of votes during the year, and 100% attendance including proxies made with specific voting instructions.

In addition, during the 2023 financial year, the Lead Independent Director, as part of his duties set out in the Regulations of the Board of Directors, held three meetings with non-executive directors to voice their concerns, and was also available for dialogue with investors and shareholders who so requested.

Assessment

The Board of Directors carries out an annual evaluation of the quality and efficiency of the operation, diversity, and competencies of the Board itself and of the Committees - which is promoted by the Appointments, Remuneration and Sustainability Committee, and coordinated by the Lead Independent Director in the case of the evaluation of the Chairman.

Every three years, the Board of Directors is assisted by an external consultant in this evaluation process, whose independence is verified by the Appointments, Remuneration and Sustainability Committee. In 2022, Korn Ferry was consulted to facilitate this evaluation after three years since the last external advice.

The assessment of performance in 2023 was made on the basis of a questionnaire whose purpose was to provide a specific view for each director with regard to both strong and weak points, as well as any other suggestions they may have with a view to improving the efficiency of the Board and of the Committees.

The result of the questionnaire was analysed by the Appointments, Remuneration and Sustainability Committee of which the Lead Independent Director is a member, by the Audit Committee itself with regard to its own assessment, and the conclusions were presented to the Board of Directors, where the process was concluded, and a plan of action approved to include the appropriate improvements.

Board meetings

11

100%

Chairman attended

98%

attendance in person over the total number of votes

100%

attendance including proxies made with specific voting instructions

As a result of the annual evaluation, during the 2023 financial year the transition to a non-executive chair model and the appointment of a First Executive have been carried out. This change became effective on 1 January 2024. Furthermore, because of the annual evaluation of the Board, Committees and Executive President in 2023, it is expected that, by the time of the 2024 General Shareholders' Meeting, to reach the objective of 40% women on the Board of Directors and the review of the number of members of the Appointments, Remuneration and Sustainability Committee and its composition to incorporate members of the less represented gender.

Remuneration

The Remuneration of the Board of Directors for the 2023 financial year is regulated in the directors' remuneration policy, approved at the General Shareholders Meeting held on 23 April 2021, valid for three financial years (2021, 2022 and 2023).

The General Shareholders Meeting held on 27 April 2023 approved the director remuneration policy for the years 2024, 2025 and 2026. It is available on the company's website in the Corporate Governance section.

This policy establishes a remuneration system for directors based on (i) their capacity as such and (ii) specific executive or senior management functions. The new policy has been adapted to a remuneration structure so as to provide for the necessary elements for the transition in 2024 from the current executive chair model to a Board of Directors led by a non-executive Chair and the appointment of a First Executive.

In the short term, variable remuneration included specific targets for CO₂ emissions and improved accident rates.

In addition, the General Shareholders' Meeting held in April 2022 approved a Long-Term Incentive in shares and cash for executive directors, members of the management team and other employees of the Viscofan Group for the 2022-2024 period. This plan sets out the delivery of an amount in cash and shares in the Company based on the fulfilment of certain objectives for the creation of shareholder value and sustainability, including the reduction of the intensity of Scope 1 and 2 emissions, the improvement in accident rate indicators and the performance of audits of suppliers on compliance with the Viscofan Group's supplier code of conduct.

The remuneration of the Board of Directors in the 2023 financial year was €3,114 thousand (€3,428 thousand in 2022) and is detailed in the Annual Report on Remuneration that forms part of this management report, available separately on the company's website in the Corporate Governance - Corporate Governance Reports section.



The Board of Directors carries out an annual evaluation of the quality and efficiency of the operation, diversity, and competencies of the Board itself and of the Committees - which is promoted by the Appointments, Remuneration and Sustainability Committee, and coordinated by the Lead Independent Director in the case of the evaluation of the Chairman.

The Board has created two committees in support of its functions: the Audit Committee and the Appointments, Remuneration and Sustainability Committee.

The Audit Committee is formed by five members, all non-executive and a majority independent, appointed by the Board of Directors at the proposal of or pursuant to a report by the Appointments, Remuneration and Sustainability Committee, bearing in mind accounting, auditing and financial and non-financial risk management knowledge, skills and experience. Since the 2020 financial year, its chairperson has been the independent director Ms Laura González Molero.

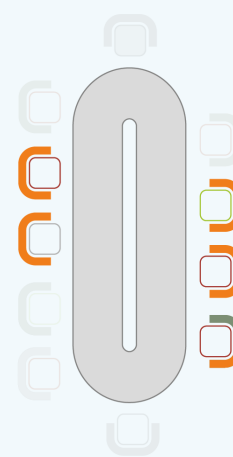
The Committee functions are detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

The Audit Committee met twelve times in the year. It has covered all its functions attributed with respect to the auditing of accounts, internal audits, financial and non-financial information, internal control and risk management systems, the Ethics and Regulatory Compliance Committee and related party transactions.

The procedures performed by the Committee in 2023 are detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

5

members, all
non-executive and a
majority independent



Appointments, Remuneration and Sustainability Committee

This Committee is composed of four non-executive directors appointed by the Board of Directors: three independent and one nominee director. It is chaired by the independent director Mr Jaime Real de Asúa.

The composition, functions, rules of organisation and operation, as well as the responsibilities conferred upon the Committee are regulated in the Articles of Association, in the Regulations of the Board of Directors, and in the Regulations of the Committee itself.

The Committee met nine times during the year. The main matters dealt with and analysed by the Committee in 2023, which have formed their main areas of supervision were, among other matters, issues of Corporate Governance and regarding the composition of the Board, the assessment of the Board of Directors and those relating to sustainability.

The Committee functions are also detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

Actions taken during the year:

The Appointments, Remuneration and Sustainability Committee met on nine occasions in 2023 and, whenever considered appropriate, the presence of the Chairman, Managing Director and senior management members was required.

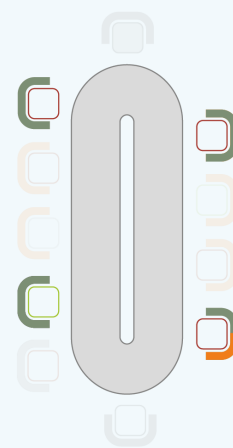
The main matters dealt with and analysed by the Committee during the 2023 financial year and which have made up its main areas of supervision have been, among others, issues of Corporate Governance and on the composition of the Board, evaluation of the Board of Directors and Chief Executive, succession plans, updating the organisational structure, the governance model and the governing bodies of the Group's subsidiaries, remuneration policy, and the promotion and supervision of the sustainability strategy.

The procedures performed by the Committee in 2023 are detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

Appointments, Remuneration and Sustainability Committee

4

non-executive members,
and a majority
independent



Senior Management (31 December 2023)

With the launch of the Beyond25 strategic plan in 2022, the Group's senior management was reorganised. Reporting directly to José Antonio Canales, Chief Executive Officer, regional general directorates were created (EMEA, APAC, NAM, and SAM) which group together the operations located in the countries belonging to this geographic region and the general directorate of New Business, with a transversal nature. At the same time, the corporate service directorates general are maintained.

Andrés Díaz	Director General de EMEA (Europa, Medio Este y África)
Gabriel Larrea	Director General de NAM (Norte América)
Juan Negri	Director General APAC (Asia Pacífico)
Luis Bertoli	Director General de SAM (Sudamérica)
Óscar Ponz	Director General de Nuevos Negocios
María Carmen Peña	Directora General Financiera
Jesús Calavia	Director General de Operaciones
Iñaki Goñi	Director General Comercial
José Ángel Arrarás	Director General de I+D y Calidad
José Antonio Cortajarena	Secretario del Consejo de Administración y Director Jurídico
Armando Ares	Director de Relación con Inversores y Comunicación
César Arraiza	Director de Estrategia, Organización y Sistemas
Beatriz Sesma	Directora de Recursos Humanos
Jose Ignacio Recalde	Director de Diversificación y Tecnología
Alejandro Bergaz	Director de Auditoría Interna

In 2023, remuneration received by key management personnel totalled €4,021 thousand (€4,234 thousand in 2022). In relation to the Long-Term Incentive Plan, a liability of €1,186 thousand was recognised in the year (€593 thousand in 2022).

These amounts do not include the remuneration of the two executive directors, José Antonio Canales García and José Domingo de Ampuero y Osma, which are detailed in the annual board

Defence of Human Rights

The Viscofan Group sets common basic guidelines on human rights as the guiding principles in various areas of the organisation. These guidelines can be grouped around 3 lines of action:

- 1) rights in relation to work – promotion of non-discrimination, free association of workers, integration of the people with functional diversity, rejection of child exploitation, rejection of forced labour and compliance with the minimum wage in each country, among others;
- 2) fight against corruption; and
- 3) the responsible management of the supply chain.

In the area of labour law, the following measures stand out:

- **Promotion of the principle of mutual respect, honesty, and integrity:** The Code of Conduct states that “We respect and promote respect for the personal dignity, privacy, and individual rights of all persons. In our day-to-day work we work inclusively with people of diverse ethnicity, culture, religion, age, disability, race, sexual identity, and gender”.
- **Rejection of any form of child labour.** Viscofan does not permit child labour and requests a similar commitment from its suppliers.
- **Prohibition of forced labour.** Viscofan promotes work in decent conditions, as well as the prevention of forced labour and consequently, as a control and monitoring measure, this risk is specifically included in the risk matrix of the Global Risk Committee in order to detect any violations.
- **Protection of the free association of workers.** 70% of the company's employees are covered by general collective bargaining agreements that regulate their employment activities, therefore improving the minimum conditions set by different labour legislation.
- **Compliance training. Viscofan continues with training in regulatory compliance for all employees.** Training has been designed in an attractive and multi-format manner that effectively trains employees in ethical standards that must be complied with and, at the same time, empowers all employees to combat any type of conduct that attacks the dignity of people in the employment environment or any corrupt procedures within the company.
- **Site accessibility.** Regarding the accessibility of people with disabilities, Viscofan does not have a global standard that regulates the accessibility of people with functional diversity at its offices and other sites. However, the company complies with all its local regulations and applicable building codes in the countries in which it operates.

• **Salaries above the minimum wage of each country.** The minimum remuneration of employees is considered in accordance with the salary level and legal rules of each country where Viscofan carries out its activities. Given the training needs, the characteristics of the production process, and the internal policies of the Viscofan Group that respect the current legislation in each country, the minimum remuneration of the workforce is not below the minimum wage established in the country.

• **Supply chain:** In line with the objective of extending responsible management to the supply chain, Viscofan's Board of Directors approved in 2022 the Supplier Code of Conduct which, among other aspects, establishes guidelines for compliance with laws, ethical behaviour, and labour practices. It has also established an audit objective of a 50% compliance with this code by main suppliers by the end of 2024, an objective linked to the Long-term incentive in shares and cash aimed at executive directors, members of the management team and other employees of the Viscofan Group.

Viscofan S.A. forms part of Sedex, the largest collaborative platform for the responsible sharing of supply chain data.



2.2.2. Regulatory compliance system



The Code of Conduct in force in the Viscofan Group was approved by the Board of Directors in January 2022 following a favourable report from the Audit Committee at the proposal of the Ethics and Compliance Committee, replacing the Code of Conduct in force to date.

Viscofan considers that integrity and transparency contribute directly to achieving its objectives and managing its business in a sustainable manner. To ensure this, it has an ethics and compliance system whose objectives are to promote an ethical culture in the organisation that strengthens its competitiveness and sustainability in the long-term, reputation and ensures compliance with the regulatory system by all employees. This system has elements in place to Prevent, Detect and Respond to potential risks with a negative impact on the Group.

The prevention system is based on internal regulations, consisting of a Code of Conduct indicating ethical principles and behavioural guidelines, complemented by internal operational policies and procedures.

Code of Conduct

The Code of Conduct contains a set of binding principles and guidelines for each and every person in the Viscofan Group to guide actions and behaviour within the company and in relation to our shareholders, customers, suppliers and society in general, in accordance with Viscofan's corporate ethics, as well as local, national and international laws and regulations.

The Code of Conduct in force in the Viscofan Group was approved by the Board of Directors in January 2022 following a favourable report from the Audit Committee at the proposal of the Ethics and Compliance Committee, replacing the Code of Conduct in force to date.

One of the functions of the Board of Directors is to ensure the correct application of this Code of Conduct, with the collaboration of the Ethics and Regulatory Compliance Committee, which supervises and monitors compliance with the Code and reports on a recurring basis to the Audit Committee.

Internal Regulations in the scope of good governance policy

The internal rules governing the aforementioned bodies, and which complements the applicable regulations in order to guarantee an adequate corporate governance system in the Viscofan Group is available on the Company's website within the Corporate Governance section, in addition to the mandatory publications and registration on the website of the CNMV and in the Commercial Registry of Navarra, respectively.

These internal regulations are mainly formed by the regulations of social bodies and committees:

- Articles of Association: These are the basic rules governing the Company and all its bodies. The articles set out the main features and operating principles of the General Shareholders' Meetings, the Board of Directors, and its committees.

- **Regulations of the General Shareholders' Meeting:** This text lays down the regulations governing the General Meeting of Shareholders to ensure transparency and safeguard shareholders' rights, and their access to Company information. The rules stipulate the formalities of calling, attending, and recording General Meetings of Shareholders and of access to prior and General Meeting information by shareholders.

- **Regulations of the Board of Directors:** These set down the principles of action of the Board of Directors, including an appraisal mechanism, and its organisational and operating rules, the standards of conduct of Directors (including the duty to avoid conflict of interest), and the overarching principles that should guide their decisions. They also regulate committees existing within the Board of Directors, their organisational and operational rules, and their mission and powers.

- **Audit Committee Regulations and Appointments, Remunerations and Sustainability Committee Regulations:** These establish the scope and functions of each Committee, its composition and operation, relations with government bodies and other entities, as well as the possibility of requesting advice.

- **Internal code of conduct on matters relating to the securities market:** This Code lays down rules of conduct to ensure that the institutional and personal acts of the Viscofan Group's directors and employees strictly comply with current laws and regulations on transparency in the markets and to protect investors' interests.



Hence, within the regulatory compliance system, the Viscofan Group has approved procedural policies in the following areas:

Good governance

- General sustainability policy
- Climate change policy
- Risk management and control policy
- Policy of Respect for Human Rights
- Anti-corruption policy
- Crime prevention policy
- Policy of communication with shareholders, institutional investors, proxy advisors and of economic-financial and non-financial and corporate information
- Board remuneration policy
- Director selection and diversity policy of the Board of Directors
- Policy to encourage shareholders to take part in the General Meeting of Shareholders: attendance fee
- Internal rules of conduct in securities market matters
- Information management procedure
- Internal publication procedure

Commercial

- Commercial Practices Manual
- Policy to outsource commercial services: distributors, agents and others
- Export control protocol

Financial and tax resources

- Internal control policy for financial and non-financial information
- Tax policy
- Transfer prices manual

Information and systems

- Personal Data Protection Policy
- IT security policy
- Confidentiality policy
- Authorisation policy on computer access and profiles
- Password policy
- Computer systems and networks management policy
- Policy on audiovisual information control

People

- Diversity and equal opportunities policy
- Policy on Staff Selection and Recruitment
- New employee integration policy
- Training policy
- Severance procedure
- Authorization policy
- Policy on Business Expenses
- Travel Code

Production

- Environmental policy
- Occupational health and safety policy
- Food Regulation Policy
- Control procedure instructions in the event of product recalls
- Policy for the management of goods purchases and the arrangement of services
- Transport management policy
- Code of conduct for suppliers and intermediaries
- Corporate management policy
- Animal protection policy (approved in January 2024)



To facilitate supervision of compliance with Viscofan's Code and Ethics

and regulations, employees and any person with a legitimate interest can access the Ethical Channel on Viscofan's web page under the Corporate Governance section, on the employee's Intranet or by email.

Supervision and management bodies

The Ethics and Compliance Committee is the body in charge of overseeing and supervising the proper implementation and monitoring of the Group's Compliance System, as defined by the Board of Directors.

Likewise, the Audit Committee supervises the effectiveness and operation of the Ethics and Regulatory Compliance Committee and, for this purpose, its receives regular information on compliance with the Internal Code of Conduct in matters relating to the Securities Market and the Code of Conduct, and in particular, regarding the complaints channel.

At the recommendation of the Ethics and Regulatory Compliance Committee and subject to a report by the Audit Committee, the Board of Directors approved the Group's Compliance Plan, which contains action plans in different areas: improved internal regulations, annual update of the procedural compliance risk map, training plans, internal control improvement plans.

In relation to the training plans, the company works on a cross-cutting basis with the Department of Human Resources which, aside from guaranteeing the publication of the Code of Conduct, participates in the implementation of annual compliance training plans.

Additionally, each of the Group companies has a Local Compliance Head, who is the person appointed by the Ethics and Compliance Committee to monitor the Group's Regulatory Compliance System and to ensure that all local employees, technicians, and managers receive ongoing training.

Ethical channel – Integrity line

The ethical channel is a key element of the system and has been modified during the year to adapt it to law 2/2023 of 20 February 2023, regulating the protection of people who report regulatory infractions and in the fight against corruption.

To facilitate supervision of compliance with Viscofan's Code and Ethics and regulations, employees and any person with a legitimate interest can access the Ethical Channel on Viscofan's web page under the Corporate Governance section, on the employee's Intranet or by email to officeofethics@viscofan.com or by post to the Ethics Committee at Viscofan's central offices (Berroa Polígono Industrial, C/Berroa 15-4 floor, 31192 Tajonar-Navarra, Spain) to notify any sign of conduct that they deem to be a possible risk.

The Committee is the body responsible for commencing, on its own account or at the request of a third party, an investigation on events or practices that may give rise to a situation of risk for the Viscofan Group because of a breach of the Viscofan Group's Code of Conduct or prevailing regulations.

In 2023, 19 complaints were received, 18 of which were filed, and on one occasion, following the processing of the corresponding file, was a breach of internal regulations proven, with the competent bodies proposing and adopting the necessary rectification measures. The Ethics and Regulatory Compliance Committee has met on 9 occasions.

Training and dissemination

It is the first and one of the most important default prevention strategies, empowering people to do the right thing in a proactive way.

Without prejudice to the role of the Ethics and Compliance Committee at corporate level, as the body responsible for the management of the System and the specific training plans it promotes, given the importance of adapting to the needs and local culture of the different countries in which the Group operates, the role of the Local Ethics and Compliance Officers is essential. They plan and develop the necessary training and communication actions at local level, with the support and monitoring of the Ethics and Compliance Committee.

In this respect, Viscofan understands that training in human rights is a fundamental tool for raising employees' awareness in this area. The breakdown of the number of hours of training in this area is as follows:

Dedicated human rights training	2023			2022		
	Men	Women	Total	Men	Women	Total
Training hours	1,739	846	2,585	2,624	915	3,539
% of total training hours	3.1%	3.3%	3.2%	6.1%	3.7%	5.2%

Additionally, in 2023, to reinforce awareness and knowledge of regulatory compliance, specific training was provided in different areas:

- Training the entire staff in the ethical channel.
- Training the entire staff on the Regulatory Compliance System, in specific matters such as conflict of interest, anti-corruption, additional ethical channel, and protection of personal data.

Financial and non-financial information control system

It is based on the Policy of the internal control system for financial and non-financial information approved by the Board of Directors in 2020, which requires that internal control systems provide reasonable assurance of the reliability of financial and non-financial information. This system is based on best practices and international standards, based on those established in the COSO report, as well as compliance with legal requirements.

Viscofan must respond to a growing and more frequent demand for information of a non-financial nature (sustainability), ensuring that it is truthful and complete. For this reason, in 2023, Viscofan has carried out the design and implementation of an internal control system for non-financial information.

The financial and non-financial information control systems have been integrated into SAP GRC, a unique environment that allows automating and computerising the assurance of information processes.



Viscofan must respond to a growing and more frequent demand for information of a non-financial nature (sustainability), ensuring that it is truthful and complete.

2.2.3. Risk management

Risk management aims to balance the desire for value creation for our stakeholders with the risks associated with business, commercial, operational, labour, financial and social initiatives, as established by the sustainability policy.

Viscofan has approved a risk management control policy, whose purpose is to set the basic principles and the general action framework to identify, measure, prevent and mitigate risks of all types that may affect the attainment of the strategic objectives.

Viscofan seeks to reinforce the risk control system, promoting a solid business model enabling risks to be confronted in a controlled manner. The aim of the risk management policy is to identify and assess risks as soon as possible, based on the Code of Conduct, the internal regulations, and the strategic plan, and to take adequate measures to reduce them and, in some cases, they can present opportunities.

The risk management system is the responsibility of the Board of Directors, which delegates its supervision and correct functioning to the Audit Committee. Likewise, the Viscofan Group has different bodies charged with the supervision and control of different risks that could arise in the course of Viscofan's activities with different level of occurrence and materiality:

- **Internal audit:** their purpose is to promote the application of Risk Management in all activities and supervise to ensure that significant risks are suitably identified, assessed, managed and controlled. It has a broad presence on specific risk committees.
- **Ethics and regulatory compliance committee:** this is the body responsible for supervising the risks specific to the Group with regard to criminal liability or any other non-compliance, and for assessing, implementing and monitoring the Regulatory Compliance System.
- **Global risk committee:** this is a body whose purpose is to identify and assess the main risks threatening the Viscofan Group, making a deeper analysis of their organisation and recommendations for the actions required to manage the risks within the established margins.
- **Credit risk committee:** 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.



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- **Investments committee:** 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.

- **Cybersecurity committee:** 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.









- **Executive sustainability committee:** this is the body responsible for coordinating and supervising the Sustainability Action Plan, the initiatives, work plans and long-term objectives for the same.

- **Senior management:** it is responsible for identifying and assessing the risks faced by the Group with 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.

The management and control activities enable the risks to be anticipated and detected and the threats to be examined and measured that may prevent the Viscofan Group from attaining its objectives, as well as the creation of value that is sustainable and shared with the stakeholders.

Moreover, the Viscofan Group monitors the values of the risk indicators and the defined thresholds, so that when these thresholds were exceeded the required management measures are taken to redirect the risks to the defined tolerance level. The information in reference to risk management has been set forth in greater detail in section E) of the Annual Corporate Governance Report. In this section, the Viscofan Group describes the main financial and non-financial risks, the bodies responsible for drawing up and enforcing the financial and non-financial risk management system, the level of tolerance, the risks occurred in the year and the plans to respond to and supervise the main risks.

Below are the main risks faced by the company in 2023 and the response and supervision plan:

Risk	Materialisation in 2023	Response and supervision plan
1. Financial	1.a) Exchange rate: Fluctuations in exchange rates, especially the USD with respect to the Euro, has an impact on Group earnings. 	This impact has been managed through the application of a policy involving hedging and commercial disciplinary measures.
	1.b) Increase in interest rates: The monetary policies of the world's main Central Banks aimed at combating inflation have resulted in an increase in financing interest rates 	Viscofan manages interest rate risk by maintaining a balanced portfolio of fixed and floating rate loans and credits. The Group's policy is to hold loans at a fixed interest rate.
2. Environmental and climate change risks	2.1) Significant increase in the price of CO2 emission allowances. 	<ul style="list-style-type: none"> - The deployment of a sustainability strategy and plan, together with the corresponding policies approved by the Board of Directors and the creation of a committee to manage sustainability risks that include environmental risks and those resulting from climate change. - As part of its decarbonisation plan, Viscofan has installed energy equipment with green hydrogen capability and has performed various tests with this renewable fuel source in the equipment installed at the Cáseda plant in Spain. Also, an energy diversification strategy beyond natural gas has been promoted that includes greater electrification of the energy supply with renewable energy. - The Group is also evaluating, and plans to implement, the Net Zero commitment to greenhouse gas emissions based on the Science Based Target Initiative.
3. Operational risks: commodities, transport, and energy.	3.1) Increase in the cost of raw materials: In the previous year, interruptions in manufacturing and consumer activity, together with transport interruptions, caused a shortage of raw materials and basic products worldwide, leading to high inflation in the main raw materials used by the Group in the production process. In 2023, this inflationary spiral has continued for some of these raw materials 	To offset the impact of the increase in operating costs Viscofan has implemented price increases to customers. In addition, the Group has taken other measures such as detailed monitoring of costs, needs and the risk of non-availability, the search for diversification of suppliers, and a plan to reduce consumption.
	3.2) The cost of natural gas has increased significantly in Spain in 2023. 	<p>Against this background, Viscofan has implemented price increases to customers and energy efficiency measures to offset part of the impact of energy costs. In parallel, the Group has carried out a detailed analysis of energy needs and the examination of various scenarios and has promoted projects aimed at energy diversification in operations.</p> <p>Looking ahead to 2024, in an environment of more favourable natural gas costs, the Viscofan Group has entered into purchase contracts with a fixed price for a portion of its natural gas consumption.</p>
	3.3) Production stoppages at the Danville plant (USA) due to power outages caused by the electricity company. 	Measures are being planned for better energy management of the plant and investments in equipment as support alternatives for the energy supply. Likewise, a lawsuit has been filed against the electricity company claiming damages derived from negligent maintenance of the electrical substation that has caused several shutdowns of the plant.
4. Regulatory	4.1) The European Commission's ban of 8 April 2022 continues. The ban, in response to Russia's actions destabilising the situation in Ukraine, is justified by the fact that the use of these casings instead of the traditional alternative of animal casings improves the capacities of the industry in Russia and resulted in the Board of Directors of Viscofan S.A. adopting the decision to discontinue the activity of exporting casings to Russia. 	In this situation, work continues, within Viscofan's risk control and management system, on commercial and operational mitigation measures to offset this impact.
5. Competition and market environment. Decrease in demand	5.1) In 2023, the market was influenced by the process of inventory adjustment in the meat industry, leading to a decrease in volumes in the casings market. Viscofan, as a market leader, has not been immune to this global trend, which resulted in declines in sales volumes during the year. 	In this situation, tasks have been carried out to monitor the evolution of the main affected markets, maintaining disciplined commercial policies to prevent harm to the financial profitability goals. In parallel, specific projects to improve service and quality levels have been reinforced, involving greater protection of market share in adverse scenarios, as well as an impact on inventory planning and management.

2.2.4. Prevention of corruption, fraud, and money laundering

As stated in Principle 10 of the United Nations Global Compact, of which Viscofan is a signatory, "Businesses should work against corruption in all its forms, including extortion and bribery."

This principle governs at Viscofan, being expressed in the Code of Conduct, and it has been enacted and reinforced in recent years with the approval by the Board of Directors of the Anti-corruption Policy, and the Crime Prevention Policy, which, encompassed within the Regulatory Compliance System, demonstrate the Group's commitment to the permanent monitoring and sanctioning of fraudulent acts and conduct and the development of a business culture of ethics and honesty.

To avoid any type of corruption, the regulations establish a series of guidelines, and communication and training is encouraged in this area on forbidden procedures that may form the scope of corruption: bribery, extortion, facilitating payments and influence peddling, gifts, business courtesies, donations and sponsorships and relationships with third parties.

Further, the Global Risk Committee carries out an analysis of fraud risks, and its different forms are regulated in various policies; and sets specific controls and mechanisms to reduce their likelihood of occurrence. The identified risks are: conflict of interest and internal fraud, private corruption, and fraud and misleading advertising.

In addition, the Ethics and Compliance Committee carries out the more specific management of Ethics and Compliance Risks.

The definition and assessment of these is reviewed, evaluated, and the controls in place in the organisation are identified to reduce the likelihood of their occurrence. The identification and assessment of risks and controls is set out in the Ethics and Compliance Risk Map, specifically identifying criminal risks.

In particular, the Group has a control system with financial, tax and commercial policies to combat money laundering, which is considered a low risk.

It should be noted that in 2023, no acts were subject to significant legal actions related to unfair competition, monopolistic practices and against free competition, nor have any processes or complaints been filed due to the breaching of laws or regulations in the social and economic field.



The Global Risk Committee

carries out an analysis of fraud risks, and its different forms are regulated in various policies; and sets specific controls and mechanisms to reduce their likelihood of occurrence.
