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

Proposed resolutions:

The proposed resolutions relating to each of these items on the Agenda are as follows:

(i) The introduction of a progressive dividend policy

Proposed resolution: to adopt for the next two years (i.e. 2013 and 2014) a progressive profit distribution policy for the payment of shareholder dividends amounting in 2013 to 55% and in 2014 to 65% of the operating profit obtained by the Company in the previous year that can legally be paid out.

(ii) The adoption and application of Recommendation 29 of the Unified Good Governance Code of Listed Companies and resulting modification to article 27 of the Bylaws

Proposed resolution: to adopt Recommendation 29 of the Unified Good Governance Code of Listed Companies according to which independent directors should not stay on as such for a continuous period of more than 12 years, therefore limiting to once the number of times that independent directors may be re-elected and consequently to modify article 27 of the Bylaws by inserting two new sections, Art. 27 bis and Art 27 ter, to read as follows:

"Art. 27 bis: Independent directors may not remain in office for a continuous period of more than twelve years. Therefore, at the end of their initial term of office, they may be re-elected only once for an additional term of six years from the date of expiry of their previous term of office. At the end of this additional term, the appointment will expire when the next General Shareholders' Meeting thereafter has been held, or when the statutory deadline for holding the Meeting to rule on approving the accounts for the previous financial year has passed. As an exception to the foregoing, independent directors who have exceeded the limit of twelve years at 30 June 2012 may remain in office for an additional term that will end on the date of the 2013 General Shareholders' Meeting or, as appropriate, on 30 June 2013.

Art. 27 ter: Directors appointed by co-option shall discharge their office until the date of the next General Shareholders' Meeting, at which their appointment will be subject to ratification, as appropriate. This period will be taken into account when calculating the maximum term of twelve years stipulated for independent directors".

(iii) The adoption and application of Recommendation 36 of the Unified Good Governance Code of Listed Companies and resulting modification to article 27 of the Bylaws.

Proposed resolution: to adopt Recommendation 36 of the Unified Good Governance Code of Listed Companies, according to which variable remuneration linked to the performance of profit or other management indicators should be confined to executive directors; and, consequently, to modify article 27 of the Bylaws as follows:

1. To delete the last paragraph, which reads as follows:

The Board's remuneration shall amount to one point five (1.5) percent of the net pre-tax profit pursuant to articles 217 and 218 of the Spanish Corporate Enterprises Act. The distribution of this percentage among the members of the Board shall be carried out pursuant to the relevant resolution adopted by the Board in each case."

2. To insert a new section, Art. 27 quater, to read as follows:

"Art. 27 quater: The Board's remuneration, up to and including 2012, shall amount to one point five (1.5) *percent of the net pre-tax profit pursuant to articles* 217 *and* 218 *of the Spanish Corporate Enterprises Act. The distribution of this percentage among the members of the Board shall be carried out pursuant to the relevant resolution adopted by the Board in each case."*

3. To insert a new section, Art. 27 quintus, to read as follows:

"Art. 27 quintus: From 2013 onwards, the remuneration of the independent non-executive directors shall comprise the following items: (i) a fixed amount for being a member of the Board; (ii) a fixed amount for being a member of the Audit Committee; (iii) a fixed amount for being a member of the Appointments and Remuneration Committee; (iv) a fixed amount for being a member of the Executive Committee; and (v) per diems for attending meetings. In the case of the chairmen of the Board and the aforementioned Committees, their fee for being a member of the Board or Committee of which they are chairman shall be equal to 1.5 times the fee for being a member of them. It is the responsibility of the Board to set the amount of the remuneration at the proposal of the Appointments and Remuneration Committee. The remuneration is to be paid out of the Company's net pre-tax profit, and may not exceed, for each individual director, 0.15% of that net pre-tax profit."

(iv) <u>The stipulation that proprietary directorships be unremunerated and the related modification to article 27 of the Bylaws.</u>

Proposed resolution: to exclude proprietary directors from the remuneration scheme, making such directorships unremunerated; and, consequently, to modify article 27 of the Bylaws by inserting a new section, Art. 27 sextus, to read as follows:

"Art. 27 sextus: From 2013 onwards, proprietary non-executive directorships shall be unremunerated."

(v) <u>The modification of the remuneration scheme for executive directors and resulting modification to article 27 of the Bylaws.</u>

Proposed resolution: to modify the existing arrangements for remunerating executive directors to include a fixed fee and a variable short- and long-term amount; and consequently to modify article 27 of the Bylaws by inserting a new section, Art. 27 septimus, to read as follows:

"Art. 27 septimus: From 2013 onwards, the remuneration of the executive directors will include the following components: (i) a fixed amount; (ii) a short-term performance-related variable amount; (iii) a variable amount in the form of a long-term incentive plan (LTIP). It is the responsibility of the Board to set the amount of the remuneration at the proposal of the Appointments and Remuneration Committee. The remuneration is to be paid out of the Company's net pre-tax profit, and may not exceed, for each individual director, 1.00% of that net pre-tax profit. In addition, as and when agreed at the Shareholders' Meeting, the remuneration of the executive directors may comprise wholly or partially the delivery of shares or share options."

Arguments in support of the proposed resolutions:

The arguments in support of these proposed resolutions are as follows:

(i) The introduction of a progressive dividend policy

Arguments in support: if adopted, this proposed resolution would mean increasing the current pay-out of 46% to 55%-65% over the next two years.

Viscofan is a company with high cash generating power. In 2011 its Operating Cash Flow, as defined by Viscofan, EBITDA-CAPEX, was EUR 97 million, and the year-end balance sheet net debt/EBITDA was just 0.4x.

In 2014, according to analysts' estimates, the balance sheet is expected to have a positive net cash position, even including the increased investment spending scheduled for the coming years, due to the strong cash generation expected. This gives ample margin for a more generous dividend policy that is more appropriate for shareholders and that will be reflected in greater share value.

(ii) The adoption and application of Recommendation 29 of the Unified Good Governance Code of Listed Companies and resulting modification to article 27 of the Bylaws.

Arguments in support: according to Recommendation 29 of the Unified Good Governance Code of Listed Companies, independent directors should not stay on as such for a continuous period of more than 12 years. This Recommendation is based on the fact that *"a long time on the board of a particular company can provide directors with invaluable experience plus a thoroughgoing knowledge of the organisation. However, the bonds formed naturally with other board members, especially executive directors, and the fact that directors are jointly accountable for decisions taken during their mandate, may end up robbing independents of their "outside" perspective vis-à-vis senior officers and proprietary directors."*

Additionally, Annex II to Commission Recommendation 2005/162/EC, of 15 February 2005, on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, specifies that in order for directors to be considered independent they must not have served on the board for more than 12 years.

Governance for Owners considers that directors Nestor Basterra Larroudé, Agatha Echevarría Canales, Gregorio Marañón Bertran de Lis, and José Cruz Perez Lapazarán (who have served as members of the Board of Viscofan for 15, 14, 13, and 14 years, respectively) have lost that particular necessary aspect of independence. We wish to emphasise that this opinion does not in any way imply a valuation of the capabilities, skills, competence and know-how of the aforementioned directors. However, independence and competence are two separate non-exclusive concepts and Governance for Owners is firmly convinced that non-executive or supervisory directors, as well as being competent, must also be fully independent.

Notwithstanding the foregoing, we realise that the immediate implementation of this proposal would give rise to serious operational difficulties since directors Agatha Echevarría Canales, Gregorio Marañón Bertrán de Lis, and José Cruz Perez Lapazarán would have to leave the Board, signifying the sudden loss of 50% of the Board members. In consequence, we have proposed an exception to the text of art. 27 bis, to permit the new articles 27 bis and 27 ter to be effectively and practically implemented in a progressive manner over a period of not more than 12 months. This ensures the continuity of the business through the continuity of the current Board and makes it possible to select the best candidates to replace the aforenamed directors by means of a headhunting process which must be conducted with the utmost transparency. In any event we would suggest that the new

candidates should be appointed or ratified at the General Shareholders' Meeting in 2013.

(iii) The adoption and application of Recommendation 36 of the Unified Good Governance Code of Listed Companies and resulting modification to article 27 of the Bylaws.

Arguments in support: the Unified Good Governance Code of Listed Companies recommends *"the exclusion of external directors from remuneration schemes with a variable component linked to the company's net profit or other financial management indicators (for example operating profit or EBITDA) or the value of its shares at any given point in time. The idea is to forestall any conflict of interest for external directors when called on to evaluate accounting practices or take other decisions with a possible bearing on the company's reported earnings, given that such earnings or evaluations could have an impact on their income."*

Viscofan's current remuneration arrangements, which specify that the amount of remuneration of all of the directors depends on Company profits (the remuneration of the Board is 1.5% of the net pre-tax profit), do not comply with this Recommendation nor do they respect the basic axiom of corporate governance principles: the separation of executive and non-executive functions (i.e. decision versus supervision).

Governance for Owners considers that this system makes independent directors indirectly participate in the Company's earnings, and our understanding is therefore that such remuneration is not consistent with the objectives of independence that non-executive directors must pursue. We would also point out that at the present time the preferences of investors and shareholders advise against remuneration schemes for non-executive directors including components linked to earnings and/or share prices.

We realise that this change in the arrangements for remunerating independent directors cannot be put into effect immediately. That is why we have proposed that this measure be implemented in 2013.

(iv) The stipulation that proprietary directorships be unremunerated and the related modification to article 27 of the Bylaws.

Arguments in support: as defined in the Good Governance Code of Listed Companies, proprietary directors are either significant shareholders or they represent significant shareholders. Therefore, remunerating the Company's proprietary directors could give rise to an imbalance among the shareholders since some of them would only be remunerated via dividends while others would receive additional remuneration as well as dividends as a result of holding office on the Board.

It should also be pointed out that as non-executive directors they would be subject to the same considerations as those set out above. For these reasons it is considered advisable to stipulate that proprietary directorships be unremunerated. However, for the sake of consistency with the other changes in the directors' remuneration schemes, it is deemed that this measure should be implemented with effect from 2013.

(v) The modification of the remuneration scheme for executive directors and resulting modification to article 27 of the Bylaws.

Arguments in support: the fundamental criterion of executive director remuneration is that of attracting and retaining the most outstanding and appropriate professionals for the accomplishment of the Company's strategic objectives. The remuneration policy that we are proposing should (i) be competitive, (ii) establish remuneration based on objective criteria concerning directors' individual performance; (iii) include an annual variable component

linked to the achievement of specific, predetermined and quantifiable targets; and (iv) incentivise the achievement of long-term objectives.

That is why we are proposing that the remuneration policy for executive directors should contain, in addition to their fixed pay, components of short- and long-term variable remuneration. We would emphasise in particular the need for the variable component (both in the medium and in the long term) to be linked to meeting certain quantitative targets (tied to the group's overall earnings) and qualitative targets (tied to achieving a given level of earnings, or depending on the area some other type of measure, such as gross operating profit, cash flow, etc.) and individual targets (tied to the specific job and responsibilities undertaken). Lastly, with regard to long-term incentives, we would highlight the need for these to operate through share options that cannot be exercised until three years after they have been granted. The right to receive such shares ("the vesting conditions") is understood to be in relative terms and will therefore be subject to compliance with criteria concerning (i) Viscofan's financial results and (ii) Viscofan's Total Shareholder Return ("TSR") as compared with relative benchmarks.

In any event, we realise that this change in the arrangements for remunerating executive directors cannot be put into effect immediately. That is why we have proposed that this measure be implemented in 2013.

Pursuant to Article 286 of the Spanish Corporate Enterprises Act, a report setting out the arguments in support of these proposed amendments to the Bylaws is attached hereto.

As you will observe, our proposals are underpinned by our firm conviction, as long-term shareholders who are committed to Viscofan, that the Company needs to correct certain existing weaknesses in terms of corporate governance. We believe that these weaknesses are slowing Viscofan's progress and hampering its international expansion and ability to attract capital. We are convinced that the changes we are proposing will undoubtedly benefit the Company.

From the point of view of Governance for Owners, these proposals will serve to:

- Increase shareholder returns.
- Have a Board of Directors that is highly independent, dynamic and aligned with European and Spanish legislation.
- Enhance the independence of the independent directors by making their remuneration independent of company profits.
- Remove any imbalances in shareholder remuneration by making proprietary directorships unremunerated.
- Encourage the accomplishment by executive directors of long-term business objectives.

Accordingly, pursuant to Article 519 of the Spanish Corporate Enterprises Act, we request that this supplement to the notice of the General Shareholders' Meeting to be held on 22 May 2012 at first call or the following day at second call, be published at least fifteen days before the date set for the Meeting.