REPORT OF THE BOARD OF DIRECTORS OF VISCOFAN, S.A. RELATING TO APPROVED AMENDMENTS RELATING TO THE COMPANY'S BOARD OF DIRECTORS REGULATION

The Board of Directors of Viscofan, S.A. has prepared this report in order to inform the Company's General Shareholders' Meeting, held on 2nd and 3rd June 2008, of the amendments approved by the Board at its meeting on 8th January 2008.

These amendments were introduced in order to bring the Board of Directors Regulation in line with the recommendations of the Unified Good Governance Code.

A) CONTENT OF AMENDMENTS

1.- General Principles

"Sustained maximisation of the company's value" is added as a general principle for the Company's governance.

2.- The Board's Functions

The scope of its functions is amended to include the following paragraph:

"The Board shall perform its duties with unity of purpose and independence of criteria, treating all shareholders the same and being guided by the company's interest, with the intent of continuously maximising the economic value of the company."

3.- Sole discretion

The scope of matters and decisions that are the sole discretion of the Board is extended; once the amendment of the Regulation has been approved, this shall be worded as follows:

"a) The company's general policies and strategies, and in particular:

i) The strategic or business Plan, as well as management goals and annual budgets;
ii) Investment and financing policy;
iii) Definition of the structure of the group of companies;
iv) Corporate governance policy;
iv) Corporate responsibility policy;
vi) Senior management remuneration and performance appraisal policy;
vii) Risk control and management policy, and the periodic monitoring of internal information and control systems;

viii) Dividend policy, and policy applicable to share buybacks, and in particular, its limitations.

b) The following decisions:

i) At the proposal of the company's chief executive, the appointment and potential termination of senior managers and the indemnity clauses relating to this;
ii) The remuneration of board members, and, in the case of executives, additional payment for their executive duties and other conditions established by contract;
iii) Financial information that the company must release periodically as it is a listed company;
iv) Investments or operations of any kind which, owing to their value or special characteristics, are of a strategic nature,
unless their approval is to be approved of by the General Shareholders' Meeting;
The creation or acquisition of interests in entities with a special purpose of that are domiciled in countries or territories that are considered tax havens, plus any other transactions or operations of a similar nature which, owing to their complexity, might diminish the group's transparency.

c) Operations that the company executes with board members, significant shareholders or shareholders represented on the board, or with persons connected with these ("related party transactions").

However, this authorisation for the Board shall not be deemed necessary in those related-party transactions that meet the following three conditions simultaneously:

1. That they be executed under the terms of contracts with standard conditions that are applicable to many clients;
2. That they be executed at prices or rates that are laid down generally by a party acting as supplier of the goods or service in question;
3. That their value does not exceed 1% of the company's annual income.

The Board shall approve related-party transactions following a favourable report from the Board of Auditors.

d) Determination of information policy relating to shareholders, markets and public opinion.

e) Duties of organisation of the Board itself and amendment of this regulation."

4.- Appointment of board members

A distinction is drawn between independent board members and other board members as regards the prior documentation to be drawn up by the Remuneration and Appointments Committee:

"Within the limits laid down by the by-laws, proposals that the Board puts forward to the General Shareholders' Meeting relating to appointments and the re-election of board members ***shall be made at the proposal of the Remuneration and Appointments Committee in the case of independent board members, and following its report in the case of the remaining board members;*** *the Board shall include a reasonable number of independent members and a majority of non-managerial board members shall be maintained."*

5.- Bodies of the Board of Directors

a) Office of Chairman

Including the form of election and term of office.

"The Chairman of the Board shall be elected from among its members. The term of office shall be the same as that of board member."

b) Office of Secretary

Including the manner of appointment and termination.

"The appointment and termination of the Board's Secretary or, where appropriate, the Vice Secretary, shall be approved by the Board's Plenary Session."

c) Executive committee and Audit Committee.

A report by the Remuneration and Appointments Committee should be included prior to the appointment of its members by the Board.

d) Duties of the Audit Committee.

The scope and description of these duties is extended to include the following:

"d) In relation to external auditors:

i)- To put forward to the Board proposals relating to the selection, appointment, re-election and replacement of the external auditor.
ii.- Regularly to receive from the external auditor information on the audit plan and the results of its implementation, and to verify that senior management takes its recommendations into account,

iii.- To guarantee the independence of the external auditor, and for this purpose:

1. That the company reports the change of auditor to the CNMV as a material event, including a statement relating to any potential disagreement with the departing auditor and, in such a case, the relevant details;
2.- That it be ensured that the company and the auditor comply with applicable regulations relating to the provision of services other than audit services, limitations relating to the concentration of the auditor's business and, in general, any other regulations laid down in order to guarantee the independence of auditors;
3.- That it look into the circumstances giving rise to the auditor's withdrawal, in the event of this occurring.

e) To report on the Annual Accounts, and the half-yearly and quarterly financial statements that must be submitted to the market's regulatory or supervisory bodies, mentioning the internal control systems, monitoring of their follow-up and compliance with the accounting criteria applied, where appropriate. It must also report to the Board on any change in accounting criteria and balance sheet and off-balance sheet risks.

f) To draw up an annual report on the Committee's activities."

e) Remuneration and Appointments Committee

The former Appointments Committee and Remuneration Committee have been merged into a single committee and the scope of their duties has been extended:

"The Remuneration and Appointments Committee shall have the following duties:

a) To give attention to suitability and integrity in selecting Board Members and senior executives.

b) To submit to the Board proposals relating to the appointment or re-election of independent board members,

c) To report to the Board proposals on the appointment or re-election of the remaining board members,

d) To report on the appointment and termination of members of senior management proposed to the Board by the chief executive,

e) To report to the Board on matters of gender diversity.

f) To submit to the Board proposals relating to:

i.- policy for remunerating board members and senior management and the proposed apportionment of board members' remuneration,
ii.- the individual remuneration of executive board members and the other terms of their contracts.
iii.- the basic terms of the contracts of senior management."

f) Committee meetings.

The recording of minutes of these meetings, which was being carried out informally, has been put into proper form..

"The corresponding minutes of meetings held by the Board's Committees shall be drawn up and a copy shall be sent to all Board members."

g) Assessment of the Board and Committees

An assessment procedure has been put in place, as follows:

"Each year the Board of Directors shall evaluate:
a) the quality and efficiency of operation of the Board itself;
b) the Chairman of the Board's and the company's Chief Executive's performance of their duties, based on the report drawn up by the Remuneration and Appointments Committee;
c) the operation of the Board's Committees, based on the report drawn up by each Committee."

6.- Board members

a) Duties

In order to ensure their dedication to the duties inherent in their office, the duty of *"being sufficiently available in order to carry out their duties efficiently"* has been included.

b) Termination.

A case has been included whereby board members representing substantial shareholders should offer their resignation to the Board, and, if the latter deems fit, submit their resignation :

"c: Board members representing substantial shareholders shall submit their resignation when the shareholder that they represent sells a substantial portion of its shareholding."

Remuneration

The regulation has been amended to improve transparency concerning the breakdown of headings and itemisation of information concerning the remuneration of board members.

"The remuneration of board members shall be laid down in the by-laws and shall be distributed as laid down therein, at the proposal of the Remuneration and Appointments Committee.

The Board of Directors and the Remuneration and Appointments Committee shall adopt the necessary measures to ensure that the annual report makes reference to the individual remuneration of board members during the year for their work in this capacity, and includes:

a).- An itemised breakdown of each board member's remuneration, including, if appropriate:

i).- Fees or other fixed remuneration in their capacity as board member,

ii.- Additional remuneration as Chairman or member of any of the Board's committees;

iii.- Any remuneration by way of profit sharing or bonuses, and the reasons why these were paid;

iv.- Contributions on the board member's behalf to defined contribution pension plans; or the increase of the board member's consolidated rights, in the case of contributions to defined benefit plans;

v.- Any compensation agreed or paid in the case of termination of their duties;

vi.- Remuneration received as a board member of other companies in the group;

vii.- Remuneration for the senior management duties of executive board members;

viii.- Any other form of remuneration other than the above, regardless of its nature or the company of the group paying it, particularly when deemed a related-party operation or when its omission distorts the true and fair view of the total remuneration received by the board member.

b) An itemised breakdown of any shares, options on shares or any other instrument making reference to the share value given to board members, detailing:

i.- The number of shares or options granted during the year, and the terms of their exercise,

ii.- The number of options exercised during the year, indicating the number of shares allocated and the option price;

iii.- The number of outstanding options at the year end, indicating their price, date and other exercise requirements;

iv.- Any change during the year in the terms of exercise of options already granted.

c) Information on the relation, during the said past year, between the remuneration obtained by executive board members and the company's results or other calculations of efficiency."

7.- Proxy statement

The characteristics that should be met by the proxy statement have been included for greater security of the procedure to delegate voting rights:

"In the event that the Board of Directors or any of its members request a proxy for themselves or for another, and in general, whenever the request is made publicly, the proxy statement should contain or have attached to it the agenda, a request for instructions in order to exercise the voting right and an indication of how the representative will vote if no precise instructions are given."

B) APPROVAL OF THE REPORT.

The present report has been issued and approved unanimously by the Board of Directors by means of a circular resolution dated 18th April 2008.

In Pamplona, on 18th April 2008.