EXPLANATORY REPORT ON REMUNERATION POLICY RELATING TO THE BOARD MEMBERS OF VISCOFAN, S.A., DRAWN UP BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH RECOMMENDATION 40 OF THE UNIFIED GOOD GOVERNANCE CODE, IN ORDER TO SUBMIT IT TO THE GENERAL SHAREHOLDERS' MEETING TO BE HELD ON 2ND AND 3RD JUNE 2008

A) PURPOSE OF THE REPORT.

By means of this report, the Board complies with recommendation 40 of the Unified Good Governance Code, that a report on the remuneration policy relating to Board members be submitted to the vote of the General Shareholders' Meeting, in a consultative capacity, as a separate item on the agenda.

B) JURISDICTION CONCERNING REMUNERATION POLICY

In accordance with article 14 of the Board of Directors Regulation, duties of the Remuneration and Appointments Committee shall include the following:

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 other terms included in their contracts.

Moreover, in accordance with article 5 of the Board Regulation:

In addition to those matters reserved solely for the Board by law, the following matters are the sole province of the plenary Board meeting:

b) The following decisions:

ii) The remuneration of Board members and, in the case of executives, the additional remuneration for their executive duties and other terms that their contracts must meet".

Furthermore, the Company's by-laws state:

Article 27 of the by-laws

"The Board's remuneration shall amount to one point five percent of the net pre-tax profit pursuant to article 130 of the Law on Joint Stock Companies. It shall be distributed among the members of the Board in accordance with the resolution individually adopted in this respect by the Board"

Article 30 of the by-laws

"The Executive Committee's remuneration shall amount to one point five percent of the net pre-tax profit pursuant to article 130 of the Law on Joint Stock Companies. It shall be distributed among the members of the Executive Committee in accordance with the resolution individually adopted in this respect by the Executive Committee"

C) REMUNERATION POLICY: ITEMS OF REMUNERATION

By means of a circular resolution dated 18th April 2008, the Company's Board of Directors approved the remuneration policy pursuant to the jurisdiction in matters of remuneration laid down in point B) above and also in view of the proposal made by the Remuneration and Appointments Committee.

The remuneration policy for the Company's Board members includes the following items:

1.- Payments to the Board and Executive Committee under articles 27 and 30 of the company's By-laws:

a) Board of Directors: 1.5% of net pre-tax profit subject to the limitations laid down in art. 130 Law on Joint Stock Companies.

Distribution: as resolved by the Board.

b) Executive Committee: 1.5% of net pre-tax profits subject to the limitations laid down in art. 130 Law on Joint Stock Companies.

Distribution: as resolved by the Executive Committee

2.- Remuneration of executive Board members.

Executive board members do not receive any additional remuneration different from the company's other Board members for performing their duties.

3.- Remuneration of members of the Audit Committee and Remuneration and Appointments Committee.

Board members that form part of the Audit Committee and Remuneration and Appointments Committee do not receive any remuneration for their involvement in these Committees.

4.- Remuneration of Chairmen and Vice Chairmen of the Board of Directors and the respective committees.

Chairmen and Vice Chairmen, where appropriate, of the company's Board of Directors, the Executive Committee, the Audit Committee and the Remuneration and Appointments Committee do not receive any additional remuneration by reason of their position.

5.- Fees

The Board of Directors may decide, where necessary, the payment of fees for attending meetings of the Board of Directors, the Executive Committee or the Audit Committee and Remunerations and Appointments Committee.

6.- Other items.

There are no further items of remuneration other than those mentioned in the preceding points.

Any amendment, extension, reduction or alteration of the items of remuneration mentioned and their application must be approved beforehand by the plenary meeting of the company's Board of Directors, upon a proposal submitted by the Remuneration and Appointments Committee, except when their approval by the Company's General Shareholders' Meeting is mandatory.

D) REMUNERATION IN 2007. APPLICATION

The net pre-tax profit of Viscofan, S.A. and subsidiaries for 2007 and 2006 totals 55,151,761 and 45,880,292 Euros respectively, and the pre-tax profit of Viscofan, S.A. totals 32,382,381 and 19,702,868 Euros respectively. The Board of Directors shall earn a 1.5% of the Parent Company's pre-tax profit, which in 2007 and 2006, totals 500,949 and 304,683 Euros respectively, and the Executive Committee shall earn a 1.5% of the Parent Company's pre-tax profit for 2007 and 2006, namely 500,949 and 304,683 Euros respectively.

The total remuneration earned by Board members during 2007 is included in the Annual Report of the Company's Annual Report, with a breakdown of its different items and its distribution among the various Board members:

The breakdown of remuneration per Board Member is shown below:

	Euros					
Name	Executive Committee	Board Member	Audit Committee	Attendance fees	Consultancy services to other Companies of the Group	To
Mr. Jaime Echevarría Abona	166,983	62,619	-	10,800	148,305	38
Mr. José María Cuevas Salvador	166,983	62,619	-	10,800	-	24
Mr. Nestor Basterra Larroudé	166,983	62,619	-	10,800	74,580	31
Mr. Iñigo Soláun Garteiz-Goxeascoa	-	62,619	-	10,800	-	7
Mrs. Agatha Echevarría Canales	-	62,619	11,600	10,800	-	8

Mr. José Cruz Pérez Lapazarán	-	62,618	11,600	10,800	-	8
Mr. Gregorio Marañón Bertrán de Lis	-	62,618	11,600	8,800	-	8
Mr. Alejandro Legarda Zaragüeta	-	62,618	10,000	9,800	-	8
	500,949	500,949	44,800	83,400	222,885	

The Company did not award any type of advance or loan to Board members, nor has it assumed any obligations in terms of pensions or life insurance. No other type of guarantee has been given by the group on behalf of any member of the Board of Directors. Nor is there any system of remuneration linked to the Company's share value.

C) APPROVAL OF THE REPORT.

The present report was 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.