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ANNUAL REPORT ON THE REMUNERATION OF VISCOFAN, S.A. DIRECTORS AND VISCOFAN GROUP SENIOR MANAGEMENT 2012-2013

This Annual Report on the Remuneration of the Board and Senior Management was written by the Appointments and Remuneration Committee and approved by the Board of Directors at its meeting held on 22 March 2013 for subsequent submission to an advisory vote by the General Shareholders' Meeting in accordance with Article 61 ter of the Spanish Securities Market Law (Ley del Mercado de Valores).

This report is divided into four sections:

- The first describes the principles and foundations on which Viscofan Group bases its remuneration policy.

- The second explains the remuneration policy for members of the Viscofan, S.A. Board of Directors, related Commissions and Committees and Viscofan Group Senior Management, and the application of this policy in 2012.

- The third section states the remuneration policy for members of the Viscofan, S.A. Board of Directors, related Commissions and Committees and Viscofan Group Senior Management for 2013 and subsequent years, in view of the conclusions found in the report by external expert Stuart Spencer, as previously stated by the Board of Directors in the Remuneration Report published for the 2012 General Meeting.

- Finally, the fourth section provides brief information about the results of the advisory vote by the General Meeting held on 23 May 2012 on the 2011-2012 annual remuneration report.

PRINCIPLES AND FOUNDATIONS

Viscofan Group's remuneration policy is based on the following principles and foundations:

- Approval by the General Meeting

Remuneration of directors is exclusively, in accordance with Article 29 of the Regulations of the Board, established by the Company's Articles of Association and is distributed by the Board of Directors, on a proposal by the Appointments and Remuneration Committee.

- Objectivity

Remuneration is assigned to each director in accordance with objective criteria that are applied fairly to all directors and may include: professional qualifications, dedication to the Company, type, positions held on the Board and membership of various committees, among others.

- Aptitude

Remuneration of directors must be adapted to the structure of the Board and the amount must be sufficient to reward their qualifications, dedication and responsibilities, and to guarantee due faithfulness and links to the Company while also ensuring their independence.

- Transparency

Remuneration of directors, detailed by item, criteria and assignation parameters, where applicable, and a breakdown of the remuneration of each individual director will be published in the annual remuneration report, which will be submitted for an advisory vote by the General Shareholders' Meeting.

REMUNERATION POLICY AND ITS APPLICATION IN 2012

The remuneration policy in force in 2012 had not been amended with regard to previous years.

Remuneration of the Board of Directors is regulated by Articles 27 and 30 of the Articles of Association of Viscofan, S.A., and Article 29 of the Regulations of the Board, according to which: *Remuneration of directors will be established in the Articles of Association and will be distributed in accordance with the articles stated therein, on a proposal by the Appointments and Remuneration Committee.*

Articles 5 and 14 of the Regulations of the Board also govern the authority of the Board and the Appointments and Remuneration Committee with regard to the remuneration of directors and Viscofan Group senior management.

Decisions concerning remuneration of directors and the remuneration policy of senior management are exclusively the area of the Board of Directors while the Appointments and Remuneration Committee is responsible for producing proposals on the remuneration policy of directors and senior management.

In 2012 the criteria applied when distributing remuneration among company directors were as follows:

- Actual dedication to the Company, reflected by attendance of Board meetings and Committee meetings;

- Links to achieving targets reflected in the annual financial results, in accordance with the Company's Articles of Association.

Application of the Remuneration Policy in 2012

In accordance with Article 27 of the Company's Articles of Association, 1.5% of pre-tax net earnings of the individual company Viscofan, S.A. corresponded to the Board. In 2012 this was a sum of 66,359,898.08 euros, resulting in a total remuneration of 1,026,184 euros.

Individual remuneration of each member of the Board of Directors was as follows:

	Euros
Mr José D. Ampuero Osma	105,445
Mr Nestor Basterra Larroudé	105,445
Ms Agatha Echevarria Canales	105,445
Mr José C Pérez Lapazarán	105,445
Mr Gregorio Marañón Bertrán de Lis	105,445
Mr Alejandro Legarda Zaragüeta	105,445
Mr Ignacio Marco-Gardoqui	105,445
Ms Laura González Molero	105,445
Mr José María Aldecoa Sagastasoloa *	49,621
Total	893,184

* Appointed by the General Meeting held on 23 May 2012.

Attendance fees for the Board of Directors, at the proposal of the Appointments and Remuneration Committee, were set at 1,000 euros per meeting and their individual breakdown was as follows:

	Euros
Mr José D. Ampuero Osma	12,000
Mr Nestor Basterra Larroudé	12,000
Ms Agatha Echevarria Canales	12,000
Mr José C Pérez Lapazarán	11,000
Mr Gregorio Marañón Bertrán de Lis	9,000
Mr Alejandro Legarda Zaragüeta	12,000
Mr Ignacio Marco-Gardoqui Ibáñez	12,000
Ms Laura González Molero	8,000
Mr José María Aldecoa Sagastasoloa *	5,000
Total	93,000

* Appointed by the General Meeting held on 23 May 2012.

Remuneration of the Executive Committee, established by Article 30 of the Articles of Association, consisted exclusively of 1.5% of pre-tax net earnings of individual company Viscofan, S.A. which was 66,359,898.08 euros, resulting in a total remuneration of 1,026,184 euros.

The individual remuneration of each member of the Executive Committee was as follows:

	Euros
Mr José D. Ampuero Osma	370,728
Mr Nestor Basterra Larroudé	328,728
Ms Agatha Echevarria Canales	286,728
Total	986,184

Remuneration for attending meetings of the Audit Committee, at the proposal of the Appointments and Remuneration Committee, involved payments of 2,000 euros per meeting. Of this remuneration, 50% was financed by remuneration established for the Board of Directors by the Articles of Association, and 50% by remuneration established for the Executive Committee respectively.

The individual breakdown for each member of the Audit Committee was:

	Euros
Mr José C Pérez Lapazarán*	10,000
Mr Gregorio Marañón Bertrán de Lis	20,000
Mr Alejandro Legarda Zaragüeta	20,000
Mr José María Aldecoa Sagastasoloa**	10,000
Ms Agatha Echevarria Canales	20,000
Total	80,000

* Resigned on 19 June 2012.
** Appointed on 19 June 2012.

Members of the Appointments and Remuneration Committee do not receive remuneration for their membership of this Committee.

The aforementioned remuneration is the total remuneration of Viscofan, S.A. directors as members of the Board of Directors, the Executive Committee and, where applicable, the various Committees stemming from the Board of Directors.

Neither the Chairman, who is an executive director, nor any other member of the Executive Committee or the Board of Directors received a salary or had a related short or long-term savings scheme, any kind of pension or retirement plan, life insurance, agreed or payable compensation in the event their duties were terminated, nor were they awarded any credit, advances or guarantees of any kind.

The Chairman and First Deputy Chairman of the Board of Directors jointly received the sum of 324,315 euros during 2012 as Chairman and Deputy Chairman of other Boards of Directors of companies within the Group.

The individual breakdown in euros for this item is:

	Euros
Mr José D. Ampuero Osma	216,210
Mr Nestor Basterra Larroudé	108,105
Total	324,315

The total individual remuneration in euros of members of the Board of Directors and related Committees and Commissions was:

	Executive Committee	Board	Audit Committee fees	Board Board	Group Company Boards	Total Director
Mr José D. Ampuero Osma	370,728	105,445		12,000	216,210	**704,383**
Mr Nestor Basterra Larroudé	328,728	105,445		12,000	108,105	**554,278**
Ms Agatha Echevarria Canales	286,728	105,445	20,000	12,000		**424,173**
Mr José C Pérez Lapazarán		105,445	10,000	11,000		**126,445**
Mr Gregorio Marañón Bertrán de Lis		105,445	20,000	9,000		**134,445**

Mr Alejandro Legarda Zaragüeta		105,445	20,000	12,000		**137,445**
Mr Ignacio Marco-Gardoqui		105,445		12,000		**117,445**
Ms Laura González Molero		105,445		8,000		**113,445**
Mr José María Aldecoa Sagastasoloa		49,621	10,000	5,000		**64,621**
Total 2012 Financial Year	986,184	893,184	80,000	93,000	324,315	**2,376,683**

Remuneration of Senior Management in 2012

The senior management remuneration policy was approved by the Board of Directors in 2010 on the proposal of the Appointments Committee and was revised by the Appointments and Remuneration Committee and ratified by the Board of Directors in successive meetings in 2011 and 2012.

This policy concerned the 26 Viscofan Group senior directors and established annual remuneration and an incentive plan for this group.

The incentive plan, or variable remuneration, was based on three basic pillars: Group targets, area and/or subsidiary targets and the personal performance targets of each of the twenty-six senior directors.

Group targets focus on the continuous development of the main Viscofan Group ratios, margins and profitability, and Viscofan share price. They are also related to achieving an increased share price for shareholders by linking variable remuneration based on the main profitability ratios and share price with synergies and Group policies necessary among the various subsidiaries.

Area and/or subsidiary targets are adapted to the Group's short or medium-term strategy, and personal performance targets determine the individual responsibilities of each senior director within the Viscofan Group strategy.

By its own definition, area and/or subsidiary and personal performance targets have an annual and long-term dimension, in accordance with the Group's strategic development plans defined for each business family or the agreed action plan. Similarly, they strengthen synergies within the Group and the Group's targets.

By weighting the three targets stated above, together with the maximum variable remuneration in accordance with the individual remuneration of each senior director and their responsibilities, an incentive plan could be drawn up that met the Group strategy of sustainable leadership of the casings sector and the continuous search for sustained share price growth.

Self-assessment and assessment of senior directors under the supervision of Senior Management and the Appointments and Remuneration Committee is carried out each financial year.

In 2012, total remuneration of Senior Management was 4,126,000 euros.

Viscofan Group has signed contracts with safeguard clauses with two of its senior directors. The termination of these contracts in certain objective circumstances, not attributable to the senior director, will result in their right to receive compensation. The total average compensation is twice their annual salary.

REMUNERATION POLICY FOR 2013 AND FOLLOWING YEARS

At the General Meeting held on 23 May 2012, the Board of Directors informed shareholders of its commitment to presenting a remuneration proposal to the 2013 General Meeting that takes into account corporate governance best practice, with assessment by an external expert.

The Board and the Appointments and Remuneration Committee also applied the principle that the new proposal should not imply significant changes to the amount of remuneration received by the various directors insofar as these sums are adapted to their responsibilities, dedication, position and type, taking into account the particular situation of the Company.

To fulfil this commitment, the Appointments and Remuneration Committee worked, with assessment and close collaboration from Spencer Stuart, to draw up a proposal that, as corroborated by Spencer Stuart prior to his presentation to the Board, was in line with his expert recommendations and included international corporate governance best practice while also adhering to the principles and foundations that must form the basis of the Viscofan Group remuneration system.

This proposal was presented to the Board of Directors and approved at the meeting held on 22 March 2013, and it is included in this report for an advisory vote at the 2013 General Meeting in accordance with Article 61 ter of the Securities Market Law.

The Board of Directors and Senior Management remuneration policy for 2013 and following years includes the following fundamental changes with regard to the previous remuneration system:

- Fixed remuneration.

The duties of non-executive directors and their responsibilities are separated from Company results.

- Remuneration for dedication.

Increased dedication to the Board and its committees from directors is rewarded with fees, remuneration for membership of the various committees in accordance with their requirements and greater remuneration for committee chairmen.

- Remuneration of the Executive Committee.

Remuneration of company directors is separated from remuneration of the Chief Executive, the latter being linked to short and long-term company results.

Description of the policy

In accordance with the new policy, remuneration of the Board and senior management will be structured as follows:

1.- Remuneration of the Board

Non-executive directors

Non-executive directors of Viscofan will receive fixed remuneration as directors, set at 80,000 euros for 2013.

Furthermore, for electronic or physical attendance of Board meetings, directors will receive a fee, as remuneration for their dedication, set at 3,000 euros for 2013.

Non-executive directors will not receive remuneration related to company profit.

Chairman of the Board

The Chairman of the Board will receive a set amount for being Chairman. For 2013 this remuneration is set at 350,000 euros.

Deputy Chairmen of the Board

The growing complexity of Viscofan Group, as a result of its expansion into new countries, business development, constant evolution and growth, and greater internationalisation, requires greater effort and monitoring by the Board of Directors and, therefore, the Chairman.

While the creation of various Committees within the Board has permitted greater diversification and has contributed to improving its performance of its duties and creating greater dynamism, it also proved necessary to provide the Chairman with the means to carry out his duties with the dedication required by the position and to help him to develop his activities while at the same time avoiding excessive focus on one sole figure who, in this case, also happens to be the Chief Executive of the Company.

Therefore, as established in the Company's Articles of Association, the Appointments and Remuneration Committee proposed and the Board of Directors approved, at various moments in the Group's development, initially the appointment of a First Deputy Chairman and subsequently a Second Deputy Chairman, who both have the double function of assisting the Chairman in his duties and giving the Board of Directors the flexibility and dynamism the Group requires.

It was established that the two Deputy Chairpersons will receive fixed remuneration for their duties, set at the following amounts for 2013:

- First Deputy Chairman: 250,000€
- Second Deputy Chairman: 175,000€

2.- Committee Remuneration

Executive Committee

The Executive Committee performs extensive work as the permanent delegation of the Board, studying in further depth those areas that require closer analysis, monitoring and preparation, and contributing to establishing the targets, strategies, control and monitoring of these areas.

The Executive Committee also develops more direct contact with senior management in the various industrial locations, providing the Board with more detailed information about the daily reality of Viscofan Group’s activity.

To achieve this, the Board accepted the proposal by the Appointments and Remuneration Committee, assessed by Spencer Stuart, of establishing a fixed remuneration for its members, set at 100,000€ for each member in 2013.

Audit Committee

Members of the Audit Committee will receive fixed remuneration for their membership, set at 30,000 euros for 2013.

The Chairman will receive 1.5 times this amount.

Appointments and Remuneration Committee

Members of this Committee will receive fixed remuneration for membership, set at 20,000 euros for 2013.

The Chairman will receive 1.5 times this amount.

3.- Remuneration of Chief Executive

In accordance with the remuneration policy applicable up until 2012, based on the Company's Articles of Association, the Chairman of the Board previously received the same remuneration as all other Directors, based on a percentage of net earnings of the parent company.

However, the double role of Chairman of the Board and Chief Executive of the Company make it advisable that remuneration for each role is differentiated and adapted to the characteristics of each job profile.

Furthermore, the fact that the roles of Chairman of the Board and Chief Executive currently coincide is a situation that may not occur again in the future, and therefore it is appropriate to treat each role separately, although with some provisions due to the current combination of roles.

Therefore, remuneration of the Chief Executive will involve a mixed system that consists of:

- Fixed remuneration. In 2013 this will be 350,000€.

- Annual variable remuneration of up to 40% of the fixed remuneration (up to 140,000€ in 2013) and three-yearly variable remuneration of up to another 40% (up to 140,000€ in 2013). Both will be established by using as a reference point the same criteria determined for Viscofan senior management, applying a combination of parameters based on achieving Group targets linked to results and share price growth, as well as personal performance.

- Furthermore, the Chief Executive may receive life and accident insurance and healthcare, as do senior management, and a company vehicle.

If, during the course of his term, his term is terminated without justifiable cause, he will have the right to compensation equal to two yearly salaries at the last received rate, while being subject to a non-compete obligation for the three following years.

In response to the fact that the roles of Chairman of the Board and Chief Executive currently coincide, and while this situation lasts, the Chief Executive will not receive any remuneration for belonging to the Board's Committees and other Boards of Directors of companies belonging to Viscofan Group.

He will also not receive fees for attending meetings of the Board of Directors and other committees.

4.- Other agreements

Maximum limit

As is well known, up until 2012 remuneration of the Board, as established in the Articles of Association of the Company, was based on a percentage of pre-tax net earnings of the parent company: 1.5% for the Board and 1.5% for the Executive Committee.

While one of the main changes to the remuneration policy for 2013 and following years involves establishing fixed remuneration that is separate and independent from Company results, the Appointments and Remuneration Committee and the Board decided it was appropriate to set a maximum limit for Board remuneration as a protection measure to convince shareholders that the new policy is proportional, particularly if situations arise in which there is little or no shareholder remuneration, or Company results significantly decrease.

Taking into account Viscofan Group evolution and the Viscofan, S.A. situation, as 100% owner of all other Group companies, it seems more appropriate to take evolution of the whole Group into account when establishing this limit. Therefore, remuneration of the Board of Directors and its committees may not exceed 1.5% of Viscofan Group pre-tax net earnings. Remuneration related to the performance of work or professional duties in the Company that are different from those performed as Board members will not be calculated for the purposes of the established limit.

Boards of other Viscofan Group companies

Taking into account their responsibilities and dedication as directors, and their remuneration as such, directors of the Viscofan parent company will not be remunerated for membership of the Boards of subsidiary companies.

However, due to its special company specificity, members of the Viscofan, S.A. Board of Directors that are also directors of Industrias Alimentarias de Navarra, S.A.U. may receive the remuneration established for the Board of this Company, which will also consist of a fixed amount, following the same principles as Viscofan, S.A.

In 2013, standard remuneration will be 25,000 euros, and the Chairman will receive 50,000 euros.

In accordance with the points established above, this exception does not apply to the Chairman of the Board of Viscofan, S.A., who will not receive any remuneration.

Remuneration of Senior Management

Remuneration of senior management was also subject to revision and assessment by Spencer Stuart, taking into account the same principles that form the basis of the whole remuneration system, and also in view of market best practice, which ensure the senior management's involvement with the Group and its shareholders and, as a result, the retention of talent.

The system in force up until 2012, based on fixed remuneration and variable remuneration related to the Group's targets, area and/or subsidiary targets and the personal performance targets of each of the twenty-six senior directors, linking variable remuneration to the main economic parameters and share price, ensured alignment between the interests of senior management and achieving an increased share price for shareholders.

Revision of these targets, which by their very nature have a short and medium-term dimension, means variable annual and long-term remuneration can be established.

To achieve this, the senior management remuneration policy for 2013 and following years maintains a system based on the same principles as the policy in force up until 2012, while its application in 2013 will take into account corporate governance best practice, combining fixed and variable remuneration, which will in turn consist of annual and three-year remuneration, both calculated using various parameters based on achieving Group targets related to results and share price growth, as well as personal performance.

Annual determination of attributable remuneration

Each year, with leadership from the Appointments and Remuneration Committee, the Board, its various Committees and the Chief Executive will undergo an assessment process, as will senior management in coordination with the Managing Director.

This assessment will be based on methodologies that combine self-assessment with reviewed assessment carried out by the immediate reporting line or by the remaining directors in the case of the Board. It will include various aspects of the

work carried out by the members of the Board and senior management, from the point of view of achieved targets, dedication and performance.

Temporal application

The remuneration policy for 2013 and following years will be applied to remuneration generated from the first of January 2013, regardless of its date of receipt. Therefore, it will have retroactive effect from this date.

As a result, remuneration of the Chief Executive set for 2013 is related to his holding this position from the first of January 2013.

Similarly, in the case of directors, members of the various Committees, Chairmen and Deputy Chairmen, the amounts established for 2013 will be applicable in full from the first of January 2013 until 31 December 2013 and proportionally for those persons that hold their position for a part of 2013.

RESULT OF THE ADVISORY VOTE OF THE GENERAL MEETING HELD ON 23 MAY 2012 ON THE ANNUAL REMUNERATION REPORT 2011

The Report corresponding to 2011 was submitted for an advisory vote at the Meeting held on 23 May 2012, when a total of twenty-four million six hundred and eighty six thousand five hundred and sixty six (24,686,566) shares voted in favour, representing 69.93% of the votes. Four hundred and seventeen thousand and forty seven (417,047) shares (1.18%) abstained. Ten million one hundred and ninety six thousand four hundred and seventy (10,196,470) shares voted against, equivalent to 28.89%.

This report was issued and unanimously approved by the Board of Directors of the Company at its meeting held on 22 March 2013.