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State Report of non financial information

31 December 2021



Viscofan, S.A. y Sociedades Dependientes

Informe de verificación independiente del Estado de información no financiera Viscofan, S.A. y Sociedades Dependientes correspondiente al ejercicio anual terminado el 31 de diciembre de 2021

24 de febrero de 2022

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INFORME DE VERIFICACIÓN INDEPENDIENTE DEL ESTADO DE INFORMACIÓN NO FINANCIERA CONSOLIDADO DE VISCOFAN, S.A. Y SOCIEDADES DEPENDIENTES DEL EJERCICIO 2021

A los accionistas de Viscofan, S.A.:

De acuerdo al artículo 49 del Código de Comercio hemos realizado la verificación, con el alcance de seguridad limitada, de la información no financiera identificada en la tabla GRI y en el Estado de Información no Financiera (en adelante EINF) incluidos en el Informe de Gestión Consolidado (en adelante IGC) de Viscofan, S.A., y sociedades dependientes (en adelante Viscofan o el Grupo) correspondiente al ejercicio finalizado el 31 de diciembre de 2021.

El contenido del Informe de Gestión incluye información adicional a la requerida por la normativa mercantil vigente en materia de información no financiera y por los Estándares Global Reporting Initiative para la elaboración de informes de sostenibilidad en su versión esencial (en adelante estándares GRI), que no ha sido objeto de nuestro trabajo de verificación. En este sentido, nuestro trabajo se ha limitado exclusivamente a la verificación de la información identificada en la tabla "Índice de Contenidos Global Reporting Initiative GRI" del capítulo 5 del EINF y la tabla "Índice de contenidos de la Ley 11/2018 de Información No Financiera y de diversidad" del capítulo 6 del EINF incluidas en el Informe de Gestión Consolidado adjunto.

Responsabilidad de los Administradores

La formulación del Informe de Gestión Consolidado de Viscofan, así como el contenido del mismo, es responsabilidad del Consejo de Administración de Viscofan. El EINF incluido en el IGC se ha preparado de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los estándares GRI en su versión esencial, así como aquellos otros criterios descritos de acuerdo a lo mencionado para cada materia en la tabla "Índice de Contenidos Global Reporting Initiative GRI" del capítulo 5 del EINF y la tabla "Índice de contenidos de la ley 11/2018 de Información No Financiera y de diversidad" del capítulo 6 del EINF incluidas en el Informe de Gestión Consolidado adjunto.

Esta responsabilidad incluye asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el EINF esté libre de incorrección material, debida a fraude o error.

Los Administradores de Viscofan son también responsables de definir, implantar, adaptar y mantener los sistemas de gestión de los que se obtiene la información necesaria para la preparación del EINF.

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C.I.F.: B-79104469. Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Nuestra independencia y control de calidad

Hemos cumplido con los requerimientos de independencia y demás requerimientos de ética del Código de Ética para Profesionales de la Contabilidad emitido por el Consejo de Normas Internacionales de Ética para Profesionales de la Contabilidad (IESBA, por sus siglas en inglés) que está basado en los principios fundamentales de integridad, objetividad, competencia profesional, diligencia, confidencialidad y profesionalidad.

Nuestra firma aplica la Norma Internacional de Control de Calidad 1 (NICC 1) y mantiene, en consecuencia, un sistema global de control de calidad que incluye políticas y procedimientos documentados relativos al cumplimiento de requerimientos de ética, normas profesionales y disposiciones legales y reglamentarias aplicables.

El equipo de trabajo ha estado formado por profesionales expertos en revisiones de Información no Financiera y, específicamente, en información de desempeño económico, social y medioambiental.

Nuestra responsabilidad

Nuestra responsabilidad es expresar nuestras conclusiones en un informe de verificación independiente de seguridad limitada basándonos en el trabajo realizado.

Hemos llevado a cabo nuestro trabajo de verificación de acuerdo con los requisitos establecidos en la Norma Internacional de Encargos de Aseguramiento 3000 Revisada en vigor, "Encargos de Aseguramiento distintos de la Auditoría o de la Revisión de Información Financiera Histórica" (NIEA 3000 Revisada) emitida por el Consejo de Normas Internacionales de Auditoría y Aseguramiento (IAASB) de la Federación Internacional de Contadores (IFAC) y con la Guía de Actuación sobre encargos de verificación del Estado de Información No Financiera emitida por el Instituto de Censores Jurados de Cuentas de España.

En un trabajo de aseguramiento limitado los procedimientos llevados a cabo varían en naturaleza y momento, y tienen una menor extensión, que los realizados en un trabajo de seguridad razonable y, por lo tanto, la seguridad que se obtiene es sustancialmente menor.

Nuestro trabajo ha consistido en la formulación de preguntas a la Dirección, así como a las diversas unidades de Viscofan que han participado en la elaboración del EINF, en la revisión de los procesos para recopilar y validar la información presentada en el EINF y en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

- Reuniones con el personal del Grupo para conocer el modelo de negocio, las políticas y los enfoques de gestión aplicados, los principales riesgos relacionados con esas cuestiones y obtener la información necesaria para la revisión externa.

- Análisis del alcance, relevancia e integridad de los contenidos incluidos en el EINF del ejercicio 2021 en función del análisis de materialidad realizado por Viscofan y descrito en el capítulo 2.1 del EINF "Fundamentos", considerando también los contenidos requeridos en la normativa mercantil en vigor.

- Análisis de los procesos para recopilar y validar los datos de 2021 presentados en el EINF.

- Revisión de la información relativa a los riesgos, las políticas y los enfoques de gestión aplicados en relación con los aspectos materiales presentados en el EINF del ejercicio 2021.

- Comprobación, mediante pruebas, en base a la selección de una muestra, de la información relativa a los contenidos incluidos en el EINF del ejercicio 2021 y su adecuada compilación a partir de los datos suministrados por las fuentes de información.

- Obtención de una carta de manifestaciones de los Administradores y la Dirección.

Conclusión

Basándonos en los procedimientos realizados en nuestra verificación, y en las evidencias que hemos obtenido, no se ha puesto de manifiesto aspecto alguno que nos haga creer que:

a) La información no financiera identificada en la tabla "Índice de Contenidos Global Reporting Initiative GRI" del capítulo 5 del EINF de Viscofan correspondiente al ejercicio anual finalizado el 31 de diciembre de 2021 no ha sido preparada, en todos sus aspectos significativos, de acuerdo con los estándares GRI en su versión esencial.

b) El EINF de Viscofan correspondiente al ejercicio anual finalizado el 31 de diciembre de 2021 no ha sido preparado, en todos sus aspectos significativos, de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los criterios de los estándares GRI seleccionados, así como aquellos otros criterios descritos de acuerdo a lo mencionado para cada materia en la tabla "Índice de contenidos de la Ley 11/2018 de Información No Financiera y de diversidad" del capítulo 6 del EINF.

Párrafo de Énfasis

El Reglamento (UE) 2020/852 del Parlamento Europeo y del Consejo de 18 de junio de 2020 relativo al establecimiento de un marco para facilitar las inversiones sostenibles establece la obligación de divulgar información sobre la manera y la medida en que las actividades de la empresa se asocian a actividades económicas que se consideren medioambientalmente sostenibles en relación con los objetivos de mitigación del cambio climático y adaptación al cambio climático, por primera vez para el ejercicio 2021. En este sentido, en el EINF adjunto se ha incorporado información para la que los Administradores de Viscofan han optado por aplicar los criterios que, en su opinión, mejor permiten dar cumplimiento a la nueva obligación y que están definidos en el capítulo 2.6 del EINF adjunto. Nuestra conclusión no ha sido modificada en relación con esta cuestión.

Uso y distribución

Este informe ha sido preparado en respuesta al requerimiento establecido en la normativa mercantil vigente en España, por lo que podría no ser adecuado para otros propósitos y jurisdicciones.

DELOITTE, S.L.

Iñigo Úrculo

24 de febrero de 2022



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STATEMENT OF NON-FINANCIAL INFORMATION

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2. Statement of non-financial information

2.1 Fundamentals

The purpose of the Non-Financial Information Statement is to inform all stakeholders of how the Viscofan Group (without distinction, the "Viscofan Group" or "Viscofan"); Viscofan S.A., parent company of the Viscofan Group, (will be referred to as the "Company") creates value and reports the environmental, social and good governance impacts that may substantially influence the decision-making of such stakeholders. This non-financial statement covers the period from 1 January to 31 December 2021 for the financial year of the Viscofan Group.

The scope of this report cover the series of companies that form part of the Viscofan Group at 31 December 2021, detailed in note 2 to the annual consolidated financial statements.

This document was prepared pursuant to Law 11/2018, of 28 December, on non-financial information and diversity. Likewise, this report was prepared in conformity with the essential option of the Global Reporting Initiative (GRI) standard.

Alongside this, the United Nations Global Compact, of which Viscofan is a signatory member, has been taken as a reference. In this regard, it is also a progress report on the measures taken by the Group to implement the 10 Principles of the Global Compact, in line with the Global Compact reporting policy.

Additionally, to contribute to improved climate change reporting, Viscofan has used the Task Force on Climate related Financial Disclosure (TCFD) as a reference, which recommends general elements on which the organisations must focus to manage climate change risks, and the Carbon Disclosure Project questionnaire, which includes the TCFD recommendations.

This report details and explains the significant aspects identified in the materiality analysis performed in 2021, based on the new strategy of the Viscofan Group known as Beyond25, and on the New Sustainability Action Plan for 2022-2025, and with a greater time horizon based on the 2030 commitments related with the United Nations' Sustainable Development Goals.

In accordance with the indications of the 102-55 content of the GRI Standard: 102 General Contents 2016, this report includes a GRI contents index as a browsing tool in Point 5 of the Management Report - Global Reporting Initiative (GRI) Contents Index.

Likewise, the traceability of the content of this report with Law 11/2018 on Non-financial and diversity reporting is detailed in Point 6 of the Management Report - Content index of Law 11/2018 on Non-financial and diversity reporting.

Relations with our stakeholders

The Viscofan Group understands sustainability as the ability to create value among its stakeholders in the short, medium and long term without compromising the well-being of future generations. To achieve this commitment, appropriate communication channels have been identified and established to ensure an open dialogue and to be aware of their needs and expectations, allowing the identification and analysis of the most relevant aspects of value creation that inspire the Viscofan Group's success strategy.

The details of stakeholders and the communication channels used are as follows:

Stakeholders	Specific communication channels	Sustainability concerns and challenges	Value proposal
Shareholders	General Shareholders' Meeting, roadshows, conferences, telephone and mail contact, corporate website, shareholder service office	Sustainability as risk and opportunity Strategic nature of value creation	Sustainable economic growth
Employees	Intranet, global opinion poll, meetings and presentations, training sessions, direct relationship with managers, internal magazine, complaints channel, bulletin boards and information screens	Talent retention, diversity, equal opportunity, job security	Development of talent and skills promoting a safe and diverse work environment
Customers	Customer satisfaction surveys, seminars and events organised by Viscofan, telephone and email technical assistance and continuous service, end-to-end claims and complaints system, active presence in trade fairs, visits to and from customers, local presence through agents and distributors, access to an extranet for customers accessible at www.viscofan.com	Greater demand for products with a lower carbon footprint, defense of human rights Demand for sustainability information, audits	Preferred option according to your needs to improve the efficiency and sustainability of your processes
Suppliers	Direct contact, collaboration agreements, training, assessments, and audits	They face environmental and social sustainability challenges	Alliance and respect in the search for the best solutions in the pursuit of our activity
Society	Contact with the local community, civil society actors, partnership agreements, sponsorships, etc. Contact with governmental institutions, associations Collaboration with research centres and institutes in different countries	Fight against climate change as a primary objective Increased demand for sustainability information Consumers demand a healthier and more sustainable product	Sustainable economic growth, transparency of information, integration of the territory and development of the community

Materiality

This report contains the information on the performance and response of the Viscofan Group to the most significant aspects identified, taking into account the findings of the materiality analysis performed with the advisory services of an independent expert.

Within the framework of the new strategy of the Viscofan Group Beyond25 and the new Sustainability Action Plan, both with a time horizon from 2022-2025, a new materiality analysis was carried out that identifies the Company's most significant economic, environmental, social and governance impacts that substantially influence the valuations and decisions of the stakeholders.

The performance of the analysis took into account a double perspective reflected in Directive 2014/95/EU on the disclosure of non-financial information and diversity reporting:

- Outsider's perspective: How the non-financial aspects affect the situation and earnings of the Viscofan Group.
- Insider's perspective: How the Viscofan Group affects the surroundings from the viewpoint of social, environmental and human rights protection aspects and, therefore, how it affects the different stakeholders.

For the preparation of the materiality analysis, 45 material aspects have been identified for the different stakeholders on the basis of the following:

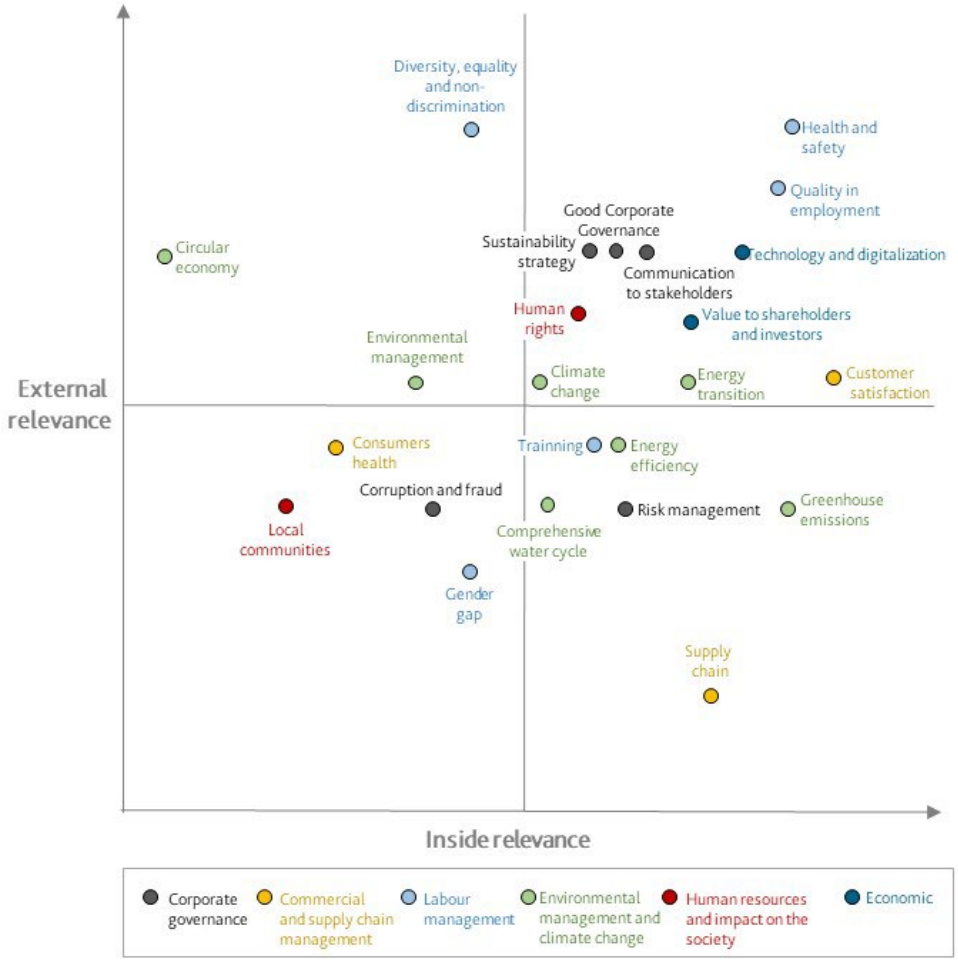
- Analysis of the reporting standards used by benchmark companies of the main customers.
- Analysis of different media to identify trends in the most significant aspects for society.
- Sustainability trends. United Nations Global Compact and Sustainable Development Goals (SDG), Task force on Climate-related Financial Disclosures (TCFD) and CDP.
- Reporting standards (Sustainability Accounting Standards Board or "SASB").
- Requirement of analysts and institutions.
- Regulatory analysis. Law 11/2018, of 28 December, which amends the Code of Commerce, the consolidated Corporate Enterprises Act approved by Legislative Royal Decree 1/2010, 2 July, and Audit Law 22/2015, in the area of non-financial information and diversity reporting.
- Recommendations of the GRI Standards, specifically GRI 101: Foundation 2016, which establishes materiality as one of the principles that determines the content of the reports disclosed under this standard.

These significant issues were then presented to the heads of various areas of the Viscofan Group to assess their impact on the Group's operations and reputation and on the environment.

The results of this analysis have been presented in a materiality matrix, with the vertical axis representing the external importance, and the horizontal axis the internal importance.

Of the 45 material aspects analysed, the positioning obtained enables 24 issues of greater external and internal significance obtained at the Parent to be focused on, which are disclosed in this Non-Financial Information Statement.

The result of this analysis has served to monitor the Sustainability Action Plan approved by the Company's Board of Directors, in which the most significant aspects identified in the area of sustainability are aligned with the implementation established in the Strategic Plan.



This Non-Financial Information Statement is organised in its structure to inform on Viscofan's performance in the most significant matters identified in the area of sustainability.

Cathegory	Significant material aspects
Corporate Governance	• Good Corporate Governance • Sustainability strategy • Communication to stakeholders • Corruption and fraud • Risk management
Commercial and supply chain management	• Customer satisfaction

	• Supply chain • Consumers´ health
Employment management	• Diversity, equality, and non-discrimination • Health and safety • Quality in employment • Gender gap • Training
Environmental management and climate change	• Climate change • Energy transition • Greenhouse emissions • Circular economy • Comprehensive water cycle • Energy efficiency • Environmental management
Human rights and impact on society	• Respeto a los Derechos Humanos • Local communities
Economic	• Value to shareholders and investors • Technology and digitalization

Contribution to Sustainable Development Goals

Viscofan is committed to the Sustainable Development Goals of the 2030 Agenda through the United Nations Global Compact, of which it has been a signatory since 2015, and it publishes its annual progress report.

From 2022, Viscofan has extended its commitment to the SDGs in the framework of the new strategic plan Beyond25 and the New Sustainability Action Plan, which generates a new purpose for the Group: “Reshaping food and wellbeing. For many, for long”.

Based on the foregoing, our technology and our global presence enables us to be in a condition to shape a better world. We contribute to improve access to food throughout the world and we can also help, through nutrition and our knowledge, the well-being of humans, generating an impact over a long time. It is our sustainable proposal.

This commitment involves improving our leadership in casings and going beyond our technological frontiers, improving our contribution to global food, and to the well-being and health of people, leading the change in the casing industry to contribute to reducing climate change, a greater sustainable use and protection of water and marine resources, to the transition towards a circular economy and promoting decent work, diversity and economic growth.

With this new purpose, Viscofan adds the objective of improving the health and well-being of people, committing itself to a new Sustainable Development Goal, SDG 3. Good health and well-being.

Hence, Viscofan has six unrenounceable commitments to our sustainability:

SDG 2. Zero hunger: Belonging to the food market carries with it a great responsibility: that of providing millions of people worldwide with access to basic nutrition. As a global leader in casings, the Viscofan Group contributes to the development of products that help to avoid food waste and it invests in R&D&i that enables more efficient and sustainable processes to manufacture cold meats. It also seeks to work with NGOs whose core business is based on reducing hunger and to develop specific products that combat malnutrition.

SDG 3. Good health and well-being. Viscofan undertakes to transform the ample knowledge developed in the processing, use and transformation of raw materials, especially collagen, in products and solutions that contribute to improve the health and well-being of people. Collagen is the most abundant protein of the human body and of animals but, in turn, it is a singular versatile material and, therefore, is used in various areas that are beneficial for people, such as regenerative medicine, nutrition, health and life sciences.

SDG 6. Clean water and sanitation: Viscofan's production process requires the use of water. Hence, the Group focuses on the sustainable management of water in its operations and at its factories, with a strict consumption and re-use policy, measuring the quality of wastewater discharges and investing in the best available water management technologies.

SDG 8. Decent work and economic growth: People are the differential value on which the future of Viscofan is built. More than 5,000 employees from 20 countries in which the Group has a presence constitute an extraordinary human wealth. People management is key to achieving our goals and that is why we want to attract and develop the best team in the industry, with maximum respect for human rights.

SDG 12. Responsible consumption and production: Developing more sustainable activity requires incorporating environmental criteria throughout the value chain that minimises the impact of our business activity caused by the transformation of raw materials by mechanical and chemical means that leads to the generation of waste. It begins with the selection of raw materials and it continues with the reduction of waste generation and the optimisation of its management, prioritising recovery or recycling above other systems such as destruction or disposal.

SDG 13. Climate action: The casing production process operates all year round and requires a lot of heat. However, in our fight against climate change, we are continually investing in improvements to reduce energy consumption and to make the most of the different forms in which energy is present in our processes, promoting the use of renewable energy, and introducing circular economy criteria into company activities focused on reducing global CO_2 emissions.

This Non-Financial Information Statement reports the best practices identified and implemented by Viscofan to contribute to the obtainment of these Sustainable Development Goals.

Generated and distributed value matrix

Based on the cash flows generated in 2021, the value matrix generated and distributed by stakeholders is as follows:

Stakeholder	Concept	Million euro
Customers	Casings, energy sales and other income	975
Economic value generated		**975**

Stakeholder	Concept	Million euro
Suppliers	Raw Materials and services	-473
Suppliers	Capex	-95
Employees	Personnel expenses and others	-208
Society	Direct taxes	-75
Shareholders	Dividends payment	-78
Banks	Bank debt and interest	-2
Economic value distributed		**-931**

Cash increase (+) or decrease (-)	**44**

2.2 Our business model

The Viscofan Group has a business model with a technological and geographical proposal that is unique in the market, based on the solid shared values of a team, aimed at creating value in a sustainable manner for all our stakeholders. As a result of this model, Viscofan is the leader on the casing market for the food industry.

Mission, vision, and values

Mission

The Viscofan Group aims to meet food industry needs through the production and sale of cutomized casings, and to seize the business opportunities that arise from know-how achieved by the company through the production and sales of collagen-based products for food and bioengineering uses.

Vision

In the vision established for the MORE TO BE strategic plan, which covers the period from 2016 to 2021, Viscofan wishes to become *The Casing Company*, continuing to grow with the goal of achieving a triple leadership in service, cost and technology in all casing markets. This vision means giving a value proposal for each of the stakeholders identified by Viscofan:

The Casing Company means:

- Being the global leader in all families of customized casings and actively promoting the development of new markets.
- Being the preferred option of our customers pursued by competitors.
- Being the benchmark of the sector in efficiency and productivity in all its casing technologies.
- Being the best market team, attracting and maintaining talent and developing its capacities.
- Focusing effort on creating value for shareholders sustainably.

Values

The Viscofan Group understands that the creation of long-term sustainable value for all stakeholders can only be achieved through ethical behaviour that promotes the development of a culture of best practice in social responsibility within the Group and by contributing to improving people's well-being through the economic, environmental, and social development of the communities in which the Viscofan Group is present.

To successfully realise this vision, the MORE TO BE Strategic Plan was implemented, with a team that relies on shared values (service, quality, teamwork, entrepreneurship, and a focus on results) and on the non-negotiable ethical principles that arise from the fundamental rights of all

human beings (respect and non-discrimination, responsibility, transparency, efficiency, loyalty, integrity and sustainability).

Key figures

Financial	Measurement unit	2021	2020	2019
Revenue	Millions of euros	969.2	912,2	849.7
EBITDA	Millions of euros	246.7	234,4	201
Margin EBITDA	%	25.4%	25,7%	23.70%
Net Profit	Millions of euros	133.0	122,5	105.6
Investment	Millions of euros	92.0	56,9	62.1
Net bank debt	Millions of euros	1.8	38,2	42.5
Ordinary shareholder remuneration	Euros per share	1.84	1,70	1.62
Stock market capitalisation. Year-end	Millions of euros	2,646	2.699	2,190

Environmental	Measurement unit	2021	2020	2019
CO2 emissions. Scope 1 and 2	Tonnes	547,981	563.188	540,801
Emissions / Metres of casing extruded	Base 100 year 2018	84	94	101
Energy consumption	GWh	2,465	2.371	2,294
Energy consumption / Revenue	GWh / €Mn	2.5	2,6	2.7
Water withdrawal	Cubic metres	10,781,067	10.378.646	9,440,345
Water withdrawal / Metres of casing extruded	Base 100 year 2018	95	100	101
Water discharged	Cubic metres	8,432,622	8.271.176	7,760,813
Waste	Tonnes	63,410	57.344	49,307
Recycled	%	47%	47%	46%
Landfill	%	37%	36%	38%
Landfill waste / Metres of casing extruded	Base 100 year 2018	93	90	91

Social	Measurement unit	2021	2020	2019
Average workforce	people	5,083	4.967	4,628
% women	%	28.9%	29,1%	28.70%
% women in management positions	%	17.9%	14,8%	15.40%
Average number of training hours per employee	hours	11.2	21,7	28.2
Number of accidents per million hours worked	unit	16.6	16.0	16.9
Hours lost per accident / Hours worked	%	0.29%	0,33%	0.23%
Hours of training on human rights	hours	4,933	4,056	2,163

Governance	Measurement unit	2021	2020	2019
Percentage of independent directors	%	45%	45%	40%
Percentage of female directors	%	27%	27%	20%

Competitive advantages

Viscofan's progress is viewed from the perspective of achieving sustainable competitive advantages, which are the result of the work and commitment of an exceptional team that has offered the best of everyone for over 45 years, making Viscofan the leader in the sector.

R&D and innovation

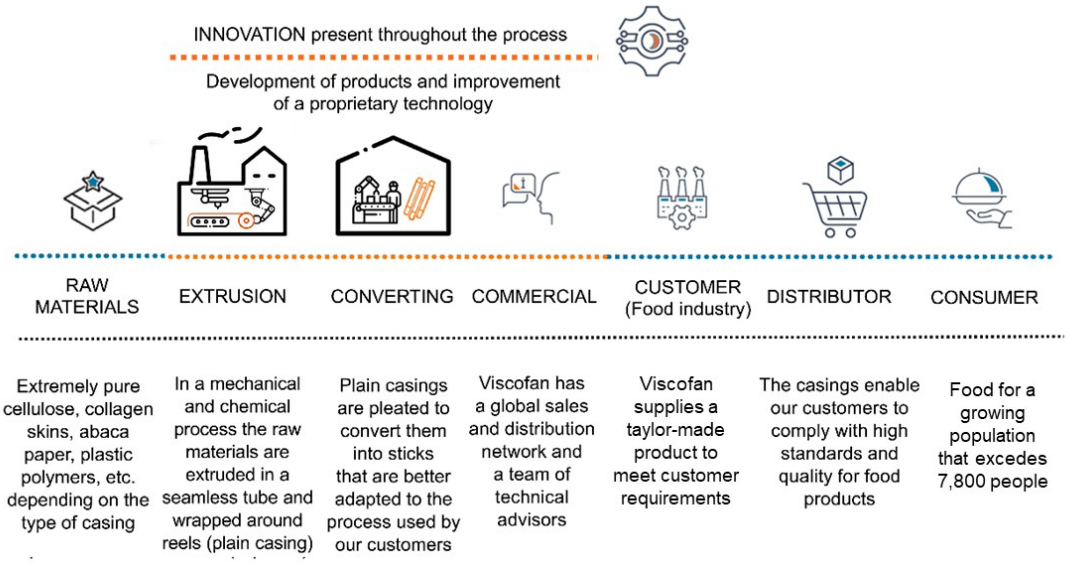
Viscofan's position in the constantly evolving, highly competitive world market is sustained by its constant cutting-edge efforts in research, development, and innovation (R&D&i), both in technology and products. Only through the application of this philosophy will the company be able to continue advancing in its leadership of innovation in the global casings market, benefiting all of its stakeholders.

Constant innovation required by our globalised world must be considered. Our products must be compatible and adapt to the food habits and uses of millions of world consumers, their preferences and evolution over time. Viscofan couples its growth as a business with the development of its innovation capability so that it can access the best technologies available on the market, implement them and improve them, and develop its own technologies to create an enduring competitive edge.

The manufacturing of casing is characterised by its ease of use and appearance, which contrasts with the high technological component underlying the manufacturing process and which only a few companies worldwide have developed.

The food industry and, more specifically, the sausage production sector, increasingly demands more products with greater features, more sustainable and at highly competitive costs, in order to enable their large-scale manufacture. Providing a response to this demand implies a big technological and developmental challenge that is successfully met by Viscofan as the largest casing producer, and it is the only company in the industry that provides solutions in the main four casing families (cellulose, collagen, fibrous and plastic) and in other new families, such as edible vegetable and functional casings.

Diagram of the Viscofan Group's production process and value chain



Viscofan has evolved naturally towards a technological improvement geared towards sustainability. Hence, on-going improvement work seeking greater efficiency and sustainability in process and product enhancement is essential to boost competitiveness and returns at long term. In this regard, Viscofan adapts a proactive approach in the search for sustainable solutions at technology and product level, boosting relevant aspects, such as the circular economy, the search for energy efficiency, the reduction of CO_2 emissions and the reduced need for water.

Innovation is an on-going process with strategic product and technological development projects in all casing families (cellulose, collagen, fibrous, plastic and vegetable), and in its final product applications (more than 14,000 items sold in 2021), also including other diversification products. Our innovation boosts the innovation of the meat sector, enabling applications to be developed aimed at providing Viscofan with the range of products required to reinforce its presence on the global market.

In this regard, the main current Research, Development, and Innovation projects under way are principally focused on the following areas:

- The development of new products according to the target markets defined in the expansion plan, and those required by our customers, and also new generation executions, designed and oriented towards offering tubular alternatives with differential performance and features.

- The development of film casings that are able to confer functionalities to the product they contain, gaining in efficiency and preventing food waste. In 2021, of note was the launch of the Edileaf product, an edible film designed to add taste to food.

- The development of production alternatives and technological solutions through radical breakthroughs that allow an increase in added value and efficiency levels or significantly reduce production costs for meat casings, through modernisation, streamlining and simplification, improving not only Viscofan's competitiveness, but also the sustainability of its products and processes. With this objective in 2021, work commenced on technological improvements at the Danville plant (USA).

- Research aimed at extending the range of adequate materials to manufacture casings and their features, while also taking into account sustainability criteria such as their biodegradability or recyclability. In this area, in 2021, Viscofan launched the eFAN plastic casing range, which includes casings prepared with a proportion of renewable raw materials of biological origin and others with a percentage of raw materials from recycled material.

- Technological support for improving existing products and processes, and for the Company's international expansion, all this adhering to Viscofan's technological and quality standards and current regulations, as well as the optimisation of production costs.

Progress in the field of digitalisation represents a new innovation opportunity that Viscofan wants to take advantage of to lead the industry's digital transformation. In collaboration with third parties, Viscofan's 4.0 industry team seeks to apply the solutions offered by new IT technologies to our operations. We are seeking to improve the quality of our products, to obtain the best information possible to improve our production process and to perform predictive maintenance, through solutions based on artificial vision, the development of technological solutions with the digitalisation of the movement of materials within the facilities, and the development and implementation of a smart 4.0 industry management system.

To progress in its digitalisation Viscofan has equipped the Cáseda plant with 5G coverage, laying the base to start the development of "smart factories".

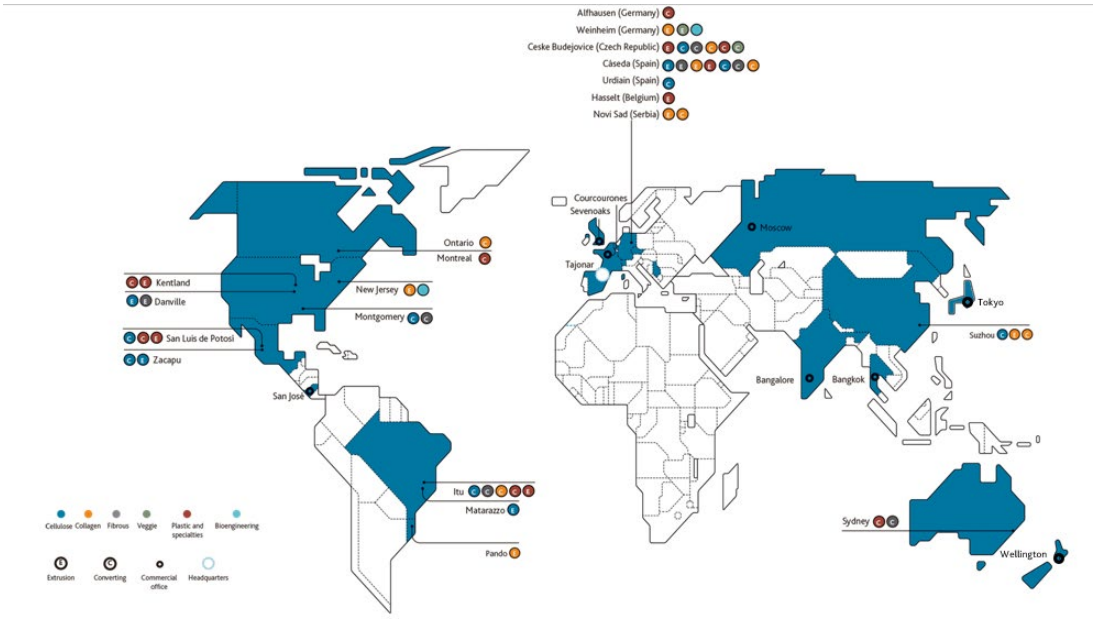
The R&D activity is possible thanks to an innovation network and culture that extends to the whole organisation, and the corporate research and development centre coordinates, directs and supports the specific research and development activities and tasks conducted at each production plant and coordinates the multidisciplinary work teams. The corporate centre seeks to share the best practices, technological knowledge, and the ideas between the different production centres.

This activity is possible due to a team of 160 people throughout the Group (140 in 2020) distributed throughout all the factories, including the Diversification team.

Geographical presence

The casing market is global. Our customers are located in 110 countries around the world, so providing a quick response adapted to their needs is often a differential element of their purchase decision. To improve this response capacity we have the largest production and sales network in the market, with a presence in 20 countries and 19 production plants.

Geographical expansion is a constant at the Viscofan Group. In 2021, Viscofan Japan GK was formed to have a commercial presence in Japan, one of the main casing markets in the world. This expansion is tied to that which took place in 2020, with the opening of a Representative Office in India, which enables Viscofan to strengthen its presence in this country with a population of nearly 1,400 million inhabitants.



Diversification

Viscofan has its own division aimed at diversification, which actively pursues and develops growth and innovation opportunities in materials and other activities other than the casing business. These opportunities are explored and developed directly by internal teams and through partnership agreements with third parties that stand out in specific areas (technological, industrial,

medical, etc.) Activities related with health and sustainability constitute the fundamental pillars of the diversification activities.

Viscofan's ample knowledge in the processing, use and transformation of raw materials of a biopolymeric nature constitutes an innovation opportunity and, hence, a growth opportunity for Viscofan. A good example are the new solutions based on the technological knowledge of collagen.

Collagen is the most abundant protein in the human body and in that of animals but, in turn, it is a singular versatile material and, therefore, it is used in various areas that are beneficial for people, such as regenerative medicine, nutrition, health and life sciences, etc.

Viscofan applies technologies and extraction methods to process collagen from bovine skin for the industrial development and production of new collagen biomatrices in the medical and nutraceutical area.

The inclusion in December 2019 of the companies acquired from Nitta Gelatin Inc. -renamed as Viscofan Collagen USA Inc. and Viscofan Collagen Canada Inc.- aside from contributing the production of collagen casing in North America, they contribute to extending the range of Viscofan biomaterials with *Collagen Gel*, a collagen material that serves as a base for medical devices and biomedical research (coating of medical devices, products to heal injuries, etc.).

The most significant projects are as follows:

- Viscofan leads the European project “TRIANKLE”, a consortium of European research that will permit the 3D manufacture of personalised implants based on collagen and gelatine to regenerate injured tendons and cartilage, subsidised with €5.9 million, and which is formed by 12 partners from 5 countries, including most notably the world leader in bioprinting in 3D CELLINK, the sports innovation laboratory of Barcelona Football Club (Barça Innovation Hub) and the Osteoarthritis Foundation International OAFI, among others.

- Viscofan commenced its participation in the European consortium Accelerating Research and Innovation for Advanced Therapies (ARDAT) to develop advance therapy medication. Thirty-four expert organisations throughout the whole of Europe and the USA participate and it is led by the pharmaceutical company Pfizer and the Sheffield University (United Kingdom). Viscofan, with its know-how in cell therapy in the area of tissue engineering seeks to contribute to standardising and accelerating the development of Advanced Therapy Medicinal Products.

On the other hand, the COVID-19 pandemic led to a delay in the research phases of projects under way, such as the case of Cardiomesh, in which the medical personnel involved interrupted their work in the project to collaborate on the front line in the fight against the virus. Likewise, the recruitment of patients required for the clinical trial phase has slowed down.

Casing sector

Casing plays a key role in the food market. They are soft, cylindrical containers made from animal gut or from materials specially designed for stuffing meat or other food ingredients. They give sausages and cold meats their characteristic shape and are of great importance to our customers, who are looking for greater efficiency, increased production speed, reduced waste, and assured quality and consistency. That is why the use of casings is widespread throughout the world.

Belonging to the food market carries with it a great responsibility: that of providing millions of people worldwide with access to basic nutrition. A population that is continuing to grow and whose expectations in terms of taste, preparation and consumer experience are also changing and diversifying, while providing a maximum guarantee of quality and food safety.

The customized casing market has an historical average growth range of 2-4% in volumes, thanks to solid foundations based on:

- Population growth: An average annual rate of 1%, with emerging areas driving this expansion.
- Eating habits: Increased per capita demand for meat led by emerging areas thanks to the increased purchasing power of the middle classes, globalisation of eating habits and the growth of the population in cities. In developed areas, nutritional trends are evolving towards the search for greater convenience, and products of higher nutritional quality and food safety.
- Greater sophistication of meat processors: An increased quest for productivity, food safety and hygiene, and the development of new products is propelling the replacement of animal casings by customized casings (mainly collagen), as well as the development of new products.

Both in 2020 and in 2021, the casing market has shown great dynamism. Among other factors, the COVID-19 pandemic has affected food habits in many countries, due to the measures to prevent the spread of the virus, with household lockdowns, social distancing and mobility restrictions. This situation has generated a greater demand for products aimed at applications that generally lean towards a greater consumption in the home, to the detriment of those that are generally consumed in the street or at restaurants and social events. In turn, the problems of global supply, the scarcity of animal tripe and the employment absenteeism suffered by certain producers, led to the search for more efficient and automated production alternatives, with the aid of casings vis-à-vis other alternatives such as animal tripe.

With this situation, the casings market has shown itself to be an essential ingredient contributing to the production of the basic food of millions of households around the world and, hence, the market has grown again in the high range of its historical average. Together with the sound tone of growth maintained in the cellulose and fibrous market, in 2021, it is necessary to highlight the strong growth of the collagen market.

In 2021, the tripe and casings market stood at around 61 thousand million metres (59 thousand million metres in 2020) and had an estimated value of €4.5 thousand million (€4.4 thousand million in 2020). In order to meet the stuffing needs, a meat processor must choose from among the different market alternatives, either with animal tripe (47% of the market) or customized casings which, in turn, can be produced with different materials, depending on the desired production and product characteristics, combining a better range of casing with production savings.

The greater the production requirement and the sophistication of the meat processors, the greater the tendency to adopt customized casings as opposed to animal casings, hence the company has four main types of technology, cellulose casings (13% of the total market), fibrous casings (7%), collagen (23%) and plastic and others (10%).

MORE TO BE strategy

Viscofan concludes this strategic plan as the market leader in casings, with a business model reinforced in the 2016-2021 MORE TO BE Strategic Plan, thanks to a single proposal in terms of the product offering and its own highly diversified presence in many countries. A period in which

Viscofan has transformed itself to provide a boost to the strategic axis of Service, Technology and Cost.

At the end of the strategic plan, we considered that 20% of the market (including casings and animal tripe) trusts in our customized casings, compared to 15% at the beginning of the strategic period. Moreover, if we consider only market players with production of customized casings, the market share stands at 38% (30% at the end of 2015).

This growth represents many millions of casings a year, reaching more homes in the world, and more countries from more factories. This has been possible thanks to intense operating, investing, commercial and innovation activities, and also to the effort of the human team, which has expanded in the last few years. The average workforce rose from 4,233 people in 2015 to 5,083 people in 2021.

Viscofan is now bigger and more global, with a unique geographical presence in the sector, which is one of the keys of its success, with 19 production plants and a presence in 20 countries. The acquisitions of Vector, Supralon, TransformPack, Globus and Nitta Casings have enabled the Group to extend its geographical and product offering. Otherwise, in this period, by establishing sales offices, Viscofan has moved closer to countries with significant future growth potential, such as India y Japan.

Thanks to its entrepreneur spirit and knowledge, Viscofan has an increased product offering with innovations that are allowing it to provide a better service and variety to new market trends. Of note is the Natur collagen casing for fresh sausages; the Marathon cellulose line with extra-long sticks to improve our customers' profitability: Veggie, a vegetable-based edible casing specially designed for vegans, vegetarians and flexitarians; Vispice Products, which provide spices and aromas to meat products; and added value casings such as the families of functional solutions that include plastic casings with the transfer of colours and aromas; and a new multi-barrier Efan casing, manufactured through the advanced recycling of post-consumption plastics.

In parallel, Viscofan has reinforced and extended its existing industrial park with investments in capacity in all technologies, accompanying market growth, which has facilitated economies of scale.

The most significant project undertaken in the period was the construction of the new plant in Cáseda (Spain), in which disruptive cellulose and fibrous technology was installed which, aside from being more efficient and productive- having achieved savings in the production of cellulose of over €10 million -is in a position to double Viscofan's size in fibrous technology.

In collagen casings, capacity was increased at all production plants, and of note in plastics was the start-up in 2016 of the San Luis Potosí casing plant (Mexico).

Likewise, in 2021, capacity extension projects were brought forward, to deal with the increase in expected demand and to improve the service to the market in a context of the search to ensure orders by our customers. Noteworthy were the investments in new collagen casing production lines in China and Europe

It also boosted the improvements in processes at the existing plants and at the acquired companies (Vector, Supralon, TransformPack, Globus and Nitta Casings), seeking improved efficiency, such as the development of a new collagen technology of great importance in Serbia, and the increase in production speed at the collagen extrusion speed in Pando (Uruguay), the investments in technological transfers in collagen casings at the plant acquired in 2019 in New Jersey (USA), and the start of the investment in technological improvements at the Danville (USA) plant in 2021, among others.

Likewise, projects continued to be boosted to improve the costs, seeking savings with the approval of new suppliers, or with reorganisation of production activity in North America, which

meant the transfer of the Kentland (USA) and Toronto (Canada) activities to San Luis Potosí (Mexico) and Montgomery (USA).

Viscofan is taking advantage of progress in digitalisation to make production processes more efficient and safe, highlighting 4.0 industry projects performed in the Czech Republic and Spain.

Viscofan is crossing the borders of the traditional market in the search for and development of new businesses in areas such as biomedics and nutraceutics, where it has taken important steps at product, production and marketing level that it intends to exploit in the following strategic plan.

Such leadership cannot be achieved without a strong commitment to sustainability. For this reason, Viscofan is the first company in the sector to join the United Nations Global Compact for the achievement of Sustainable Development Goals. This commitment was formalised in the Sustainability Action Plan, which establishes objectives with a 2030 horizon for the Group in the environmental and social areas, such as the reduction in the intensity of CO_2 emissions, the intensity of water collection, the intensity of waste sent to landfills, the reduction of the accident rate and the promotion of workforce diversity.

Viscofan was the first company in the casing sector to sign sustainable loans, increasing its commitment to well-being and the environment. The commitments established for 2030 in the Sustainability Action Plan and the initiatives envisaged in decarbonisation, the reduction of the water footprint and the circular economy will have improved financial support if the changes in the sustainability parameters expected for the coming years are aligned with these targets.

The sustainability parameters established are the reduction of CO_2 emissions per km of casing produced, the reduction of m^3 of water withdrawal per km of casing produced and the tonnes of waste sent to the landfill per km of casing produced.

To take steps to achieve these objectives, in the fight against climate change, within its decarbonisation plan, Viscofan is pledging for green hydrogen as an energy vector in the casing production process in the future with investments in energy equipment with the capacity to use this renewable energy, and it has carried out the first tests to substitute natural gas with green hydrogen.

Likewise, seeking the responsible management of the end-to-end water cycle, we have promoted the investment of technology in collagen casing with reduced water requirements. By boosting the circular economy, the Company is studying the implementation of projects to reduce waste at landfills, also highlighting the development of plastic casings of a natural or recycled origin. In parallel, Viscofan has worked to make factories safer, with investments in ergonomics, fire protection, etc.

New 2022-2025 strategic plan

Viscofan begins a new Strategic Plan Beyond25, maintaining the ambition to transform the Company in the same way as in the previous strategic plans. Hence, Viscofan wants to go beyond the traditional borders with a new purpose “Reshaping food and well-being. For many, for long”, seeking to help to provide access to food and nutrition throughout the world, and to improve the well-being and health of people.

“Reshaping food and well-being" mean that: Our technology and our global presence enables us to be in a condition to shape a better world. We contribute to improve access to food throughout the world and we can also help, through nutrition and our knowledge, the well-being of human beings.

“For many” mean that: If something characterises us, it is that we have always wanted to be important, to generate an impact; hence, our scope of action in the world is, “for many” - the more people that can enjoy our products, services, or solutions, the better it is for our purpose.

"For long" mean that: And of course, we generate an impact that remains, a future project, a project that intends to be forever, "for a long time". It is an impact for everyone, for life, for the well-being of everybody. It is our sustainable proposal.

This vision means redefining our business model with a new market proximity that combines our leading competitive advantages: firstly, our global geographical presence and, secondly, our wide and unique product catalogue.

The new strategic plan has four leading management regions to have greater market proximity and flexibility: Europe, Middle East and Africa (EMEA), North America (NAM), Asia Pacific (APAC) and South America (SAM), completed with a cross-cutting "New Business" division.

Furthermore, the strategies are based on a new market approach, which distinguishes between the Traditional Business (which includes cellulose, collagen and fibrous), in which Viscofan has a privileged position to continue taking advantage of growth opportunities; and with the New Businesses (which groups together tubular plastics, packaging and third parties, new edible casings, functional solutions, nutra-medical-pharma products, as well as the diversification activity), in which Viscofan wants to leverage itself on know-how as a catalyst of innovations to expand to new markets with attractive growth trends in the area of food, well-being and health.

The three strategic pillars of Service, Cost and Technology are accompanied by a new cross-cutting pillar: Sustainability. Viscofan undertakes to lead sustainability in the sector and, under a new 2022-2025 Sustainability Action Plan, it wishes to promote projects to combat climate change, measures to reduce water consumption or improvements to transform our processes into a more circular economy- and reinforce our commitments to the Sustainable Development Goals of the 2030 Agenda of the United Nations.

Faced with this new purpose, Viscofan includes a new SDG 3. Good health and well-being within its contribution priorities to the Agenda 2030.

2.3 Corporate Governance

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
• Good governance • Sustainability strategy • Communication with stakeholders • Fraud and corruption • Risk management

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, 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, approved in 2020 by the Board of Directors, which aims to set out the basic principles and commitments that should govern the Group's sustainable development strategy.

This strategy, expressed in the 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.

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 2021, the Parent Company is aware of the following significant interests:

	% holding
	31/12/2021
Corporación Financiera Alba, S.A.	14.0%
APG Asset Management N.V.	10.1%

Angustias y Sol S.L.	5.0%
Wellington Management Group LLP *	5.0%
Setanta Asset Management Limited	4.0%
Marathon Asset Management Limited	3.4%
Others Board of Directors	0.9%
Treasury shares	0,5%
Free Float	57,1%

* On 26 January 2022, Wellington Management Group LLP notified that it had reduced its shareholding to less than 3%.

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 the company's shareholders. There is only one class of shares, giving the same rights and obligations to all 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.

In 2021, pursuant to article 3 of Royal Decree-Law 34/2020, of 17 November ("Exceptional measures applicable to legal entities governed by private law"), the Board of Directors agreed that attendance at and participation in the General Shareholders' Meeting could be in person and also through the use of telematic means. Therefore, the 2021 General Shareholders' Meeting was rebroadcast on the corporate website (www.viscofan.com).

As a result of all these measures, and despite the changes caused by the COVID-19 pandemic, the General Shareholders' Meeting for the year was attended by 82.1% 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 for the last three years is as follows:

General Shareholders´ Meeting participation			
	23/04/2021	24/04/2020	12/04/2019
% Attending in person	19.3%	19.2%	19.7%
% Proxy and remote voting	62.8%	68.4%	62.8%
Total attendance	**82.1%**	**87.6%**	**82.5%**

Board of Directors

The Board of Directors is the body in charge of representing and managing the Company. 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.

It is governed by the Regulations of the Board of Directors, which were modified in 2021 to adapt them to the reform operated by Law 5/2021, of 12 April, which amends the consolidated Corporate Enterprises Act, in terms of promoting the long-term involvement of the shareholders of the listed companies; to the amendments of the Code of Good Governance reviewed in June 2020; and to include any improved drafting technique.

Board members

Name and surname	Category	Position in the board	Last Appointment Date	Audit Committee	Appointments, Remuneration and Sustainability Committee
Mr. JOSÉ DOMINGO DE AMPUERO	Executive	Chairman	12/04/2019		
Mr. JOSÉ ANTONIO CANALES	Executive	Director	25/05/2018		
Mr. IGNACIO MARCO-GARDOQUI	Independent	Vice Chairman	24/04/2020	Vocal	Vocal
Mr. JOSÉ MARÍA ALDECOA	Independent	Lead Director	25/05/2018	Vocal	Vocal
Mr. JAIME REAL DE ASÚA	Independent	Director	25/05/2018		Chairman
Mrs. LAURA GONZÁLEZ MOLERO	Independent	Director	25/05/2018	Chairwoman	
Mr. NÉSTOR BASTERRA	Other External	Director	25/05/2018		Vocal
Mrs. AGATHA ECHEVARRÍA	Other External	Director	25/05/2018	Vocal	
Mr. JUAN MARCH	Nominee	Director	12/04/2019		Vocal
Mr. SANTIAGO DOMECQ	Nominee	Director	24/04/2020	Vocal	
Mrs. CARMEN DE PABLO	Independent	Director	24/04/2020	Vocal	
Mr.JOSÉ ANTONIO CORTAJARENA	Secretary	Non director		Secretary	Secretary

The Board of Directors consists of eleven directors, of which two are executive, two are nominee, two are other external directors and the other five 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.

The selection of Directors is specifically regulated in the Policy on the Selection of Directors and Diversity on the Board of Directors, updated in 2020, 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. With this in mind, 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, make it difficult to select female directors. To this end, when the Appointments, Remunerations and Sustainability Committee or the Board itself, as the case may be, seeks a professional profile, the Company's interests shall be taken into consideration first, without prejudice to the fact that, when

faced with two similar professional profiles, the one that represents the least represented gender shall be chosen.

In this regard, the Appointments, Remuneration and Sustainability Committee, in view of the completion of the mandate of directors, has worked during the year to search for more suitable profiles to be included on Viscofan, S.A.'s Board of Directors, setting as an objective the goal of increasing female representation on the Board of Directors.

Changes in the composition of the Board after year-end

On 1 January 2022, the director Mr Ignacio Marco-Gardoqui Ibáñez fulfilled 12 uninterrupted years as a director of the company. Under article 529 duodecies of the Corporate Enterprises Act, it lost its status as an independent director to become an Other external director. Consequently, to comply with that stipulated in the prevailing legislation and in the company's articles of association and regulations, the director Mr Ignacio Marco-Gardoqui Ibáñez gave up his position as a member of the Audit Committee as of 1 January 2022.

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 2021 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 www.viscofan.com, in the Corporate Governance section.

Performance of functions

In order to perform their duties with the required rigor 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.

The Board of Directors delegates to its Chairman and the CEO the powers of representation, powers relating to the purchase or sale, powers relating to personnel, to charges, payments, contracts, auctions and transactions, to checking accounts, credit or savings, to bills of exchange and promissory notes, securities, guarantees, and supplementary powers to the previous.

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 this regard, in 2019, the Board of Directors drew up and implemented a programme to update the knowledge of the directors, a programme that continued in 2020 and 2021, and is expected to continue in subsequent years.

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.

The Board met on 11 occasions in 2021, and the Board Chairman attended all the meetings. All meetings were attended by all the directors.

Also, during the 2021 financial year, the Lead Director held four meetings with the other directors without the attendance or representation of any executive director.

Evaluation

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 Director in the case of the evaluation of the Executive Chairman.

Every three years, the Board of Directors is assisted by an external consultant in the evaluation process, whose independence is verified by the Appointments, Remuneration and Sustainability Committee. During the 2019 financial year, Korn Ferry was consulted to carry out this evaluation

In 2021, performance was assessed internally on a substantial basis, just like last year, 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.

As a result of the annual assessment, the Board of Directors agreed, within its Action Plan, that in the process of renewing the Board of Directors, which must be submitted to the 2022 General Shareholders' Meeting, the objective is pursued of increasing the percentage of women and independent directors on the Board of Directors, which must be submitted to the approval of the shareholders at the aforementioned Meeting.

Likewise, in 2021, the devotion of the Board of Directors to the Group's strategy was intensified, together with the performance of offsite sessions devoted thereto.

Remuneration

The Board of Directors' Remuneration is regulated in the directors' remuneration policy, approved at the General Shareholders' Meeting held on 23 April 2021 for a three-year period, and which is available on the company's web page on 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.

In addition, the General Shareholders' Meeting held on 24 April 2020 approved a Long-Term Incentive Plan for the period 2019-2021 for the Company's executive directors, managers and other key personnel of the Viscofan Group. This plan establishes the delivery of a cash amount and Company shares based on the fulfilment of objectives of creation of value for shareholders (TSR) and sustainability which includes the improvement in the indicators of accident rate and reduction of waste to landfill. Once the measurement period had been complied with, a degree of attainment of 102% was achieved.

In the short term, variable remuneration included specific CO_2 emission targets and a reduction of waste sent to landfill.

The remuneration of the Board of Directors in 2021 was €5,986 thousand (€3,490 thousand in 2020). This amount includes the remuneration of the Long-term Incentive Plan, which will mean a total amount of €2,513 thousand for the two executive directors, €678 thousand in cash and 32,259 shares valued at the closing price of the share at 31 December 2021, which must be paid after it has been approved by the General Shareholders' Meeting.

Likewise, the 2021 Annual Remunerations Report forms part of this Management Report and is available separately on the Company's web page under the Corporate Governance section - Corporate Governance Reports.

Committees of the Board of Directors

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

Audit Committee

In 2021, the Audit Committee had six members, all non-executive and a majority independent, appointed by the Board of Directors at the proposal of or upon 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. It is chaired by the independent director Ms Laura González Molero.

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 Regulations of the Board of Directors were modified in 2021 to adapt them to the reform under Law 5/2021, of 12 April, which amends the consolidated Corporate Enterprises Act, in terms of promoting the long-term involvement of the shareholders of the listed companies; to the amendments of the Code of Good Governance reviewed in June 2020; and to include any improved drafting technique. In particular, Article 15 of the Audit Committee Regulations has included terms envisaged in the regulatory update of the Corporate Enterprises Act and the provisions, as a recommendation, in Code of Good Governance, which clearly included the duty of supervision, also by it, of the non-financial information and risks. The Audit Committee Regulations have also been modified to adapt them to the reform of Law 5/2001 mentioned above.

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

Actions taken during the year:

The Audit Committee met ten 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 Compliance Committee and related party transactions.

The procedures performed by the Committee in 2021 are detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

Appointments, Remuneration and Sustainability Committee

It is formed by five non-executive directors appointed by the Board of Directors: three independent directors, one other external director 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 Regulations of the Board of Directors were modified in 2021 to adapt them to the reform under Law 5/2021, of 12 April, which amends the consolidated Corporate Enterprises Act, in terms of promoting the long-term involvement of the shareholders of the listed companies; to the amendments of the Code of Good Governance reviewed in June 2020; and to include any improved drafting technique. Specifically, with respect to this Committee, the following articles of the Regulations were amended:

- Article 16, on the Appointments and Remunerations Committee introduces a clear drafting in line with the existence of a single Committee.

- Article 17 on the Sustainability Committee, in line with the drafting of the Good Governance Code clearly indicates that this Committee must be differentiated or attribute the powers and functions relating to the supervision of sustainability matters (except those conserved by the Audit Committee, such as that relating to the supervision of the whistleblower channel) to one of the obligatory Committees, in which case, the expression "Sustainability" must be contained, as currently occurs with the current Appointments, Remunerations and Sustainability Committee.

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 8 occasions in 2021 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 in 2021, which have formed their main areas of supervision were, among other matters, issues of Corporate Governance and regarding the Board composition, the assessment of the Board of Directors and those relating to sustainability.

The procedures performed by the Committee in 2021 are detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

Senior Management (31 December 2021)

JOSÉ ANTONIO CANALES	General manager Director

CORPORATE MANAGEMENT DIVISION	
JOSÉ ÁNGEL ARRARÁS	R&D and Quality Chief Officer
ANDRÉS DÍAZ	Chief Operations Officer
GABRIEL LARREA	Chief Commercial Officer
MARÍA CARMEN PEÑA	Chief Financial Officer
ÓSCAR PONZ	Chief Plastic Business Unit Officer

CORPORATE SERVICE DIVISION	
ARMANDO ARES	Chief IR & Corporate Communications Officer
CÉSAR ARRAIZA	Chief Strategy, Organization and IT Officer
ALEJANDRO BERGAZ	Internal Audit Manager
JOSÉ ANTONIO CORTAJARENA	Chief Legal Officer & Secretary of the Board of Directors
IÑAKI RECALDE	Chief Technology & Diversification Officer
JUAN JOSÉ ROTA	Chief Human Resources Officer
RICARDO ROYO	Chief European Business Officer

REGIONAL UNIT MANAGEMENT	
EDUARDO AGUIÑAGA	General Manager Mexico
LUIS BERTOLI	General Manager Brazil
JESÚS CALAVIA	General Manager Spain
BELÉN ALDAZ	Human Resources Manager Spain
GUILLERMO EGUIDAZU	General Manager USA
MILOSLAV KAMIS	General Manager Czech Republic
ÁNGEL MAESTRO	General Manager Uruguay
IÑIGO MARTíNEZ	General Manager Serbia
JUAN NEGRI	General Manager Asia Pacific
WILFRIED SCHOBEL	General Manager Germany

The remuneration of senior management in 2021 was €13,297 thousand as opposed to €6,082 thousand in 2020.

This amount at 31 December 2021 includes the remuneration of the Long-term Incentive Plan, amounting to €8,133 thousand, €3,763 thousand in cash and 76,802 shares valued at the closing price of the share at 31 December 2021, which must be paid after it has been approved by the General Shareholders' Meeting (€3,544 thousand recognised as equity and liabilities at 31 December 2020).

Regulatory compliance system

Viscofan considers that integrity and transparency contribute directly to achieving its objectives and managing its business in a sustainable manner. To guarantee it, it establishes a system of regulatory compliance described in the Ethics and Compliance Manual, which must govern the ethical performance of directors, management, and employees of the Viscofan Group, as well as any person who works for the Viscofan Group, in the performance of their professional activity. This system is crucial to be able to protect people and the organisation and avoid risks with a negative impact on the Group.

Code of Conduct

The Code of Conduct contains the ethical procedural principles and conduct guidelines summarised in the Respect and Defence of Human Rights; Sustainability; Integrity, Responsibility and Transparency; Respect and Non-Discrimination; Efficiency; and Loyalty.

The functions of the Board of Directors are to ensure the correct application of this Code of Conduct, and to that end, it has the collaboration of the Ethics and Regulatory Compliance Committee, who supervise and monitor compliance with the Code of Conduct.

The Code of Conduct in force at the Viscofan Group was approved by the Board of Directors at its meeting dated 29 February 2012, although the Audit Committee, upon the proposal of the Ethics and Compliance Committee at its meeting of December 2021, has favourably reported a new Code of Conduct, which was ultimately approved by the Board of Directors at its meeting of January 2022.

Internal Regulations in the scope of good governance policy

The internal rules governing the aforementioned bodies, supplemented by the applicable rules to ensure good corporate governance at the Viscofan Group, are available on the Company's website (www.viscofan.com) within the Corporate Governance section, as well as in compulsory publications and registrations, on the website of the CNMV (www.cnmv.es) and in the Mercantile Registry of Navarre www.rmbmnavarra.com, 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: Basic principles governing the General Shareholders' Meeting to ensure transparency and safeguard shareholders' rights and their access to Company information. The rules stipulate the formalities of calling, attending, holding 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), their duties and the overarching principles that should guide their decisions. They also govern committees existing within the Board of Directors, their organisational and operational rules, and their remit and powers.

- Audit Committee Regulations and Appointments, Remunerations and Sustainability Committee Regulations: They establish the scope and functions of the Committee, its composition and operation, the Committee's relations with governing bodies and other entities, and the possibility of seeking 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:

Scope	Policy
Good governance	• General Sustainability Policy • Climate change policy • Risk Control and Management 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
Commercial	• Commercial Practices Manual • Policy of Business Courtesies • Policy to outsource commercial services: distributors, agents and other: • Export control protocol
Financial and tax resources	• Internal Control Policy for Financial and Non-Financial Information • Tax Policy
Information and systems	• Personal data protection policy • Computer security policy • Confidentiality policy • Access authorization policy and computer profiles • Password policy • Computer systems and networks management policy • Audiovisual information control policy
People	• Diversity and equal opportunities policy • Policy on Staff Selection and Recruitment • Policy on welcoming of new recruits • Training policy • Staff leave procedure • Powers of Attorney Policy • Policy on Business Expenses • Code of conduct for trips and stays abroad
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

Supervision

The Viscofan Group has an ethical and compliance system, which aims to promote an ethical culture at the organisation, which reinforces its long-term competitiveness and sustainability, reputation and ensures compliance with the regulatory system by all Group employees, together with prevention and response faced with the commission of offences and breaches of regulations.

To attain its objectives, the system has an extensive updated regulatory scheme, control procedures, training and communication items and a complaint's channel, among others.

It also has management bodies of the foregoing. Specifically, the Ethics and Regulatory Compliance Committee, responsible for supervising and ensuring the adequate implementation and follow-up of the Group's compliance system, 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.

Upon the proposal of the Ethics and 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 Compliance System and to ensure that all local employees, technicians and managers receive ongoing training.

The complaints channel is a key element to the system. To facilitate supervision of compliance with Viscofan's Code and Ethics and regulations, employees and any person with a legitimate interest can access the Complaints 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 in Navarre 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 as a result of a breach of the Viscofan Group's Code of Conduct or prevailing regulations.

In 2021, nine complaints were received, seven of which were filed, although only on two occasions, 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 eight occasions.

Training is an essential element to promote the ethical culture and prevent non-compliance. In 2021, in order to reinforce awareness and knowledge of Regulatory Compliance, specific training was provided in different areas:

- Training to senior management of the different subsidiaries on the main compliance risks detected at Viscofan.
- Training on the whistleblower channel, on the new conflict of interest regulations and on the new Code of Conduct updated in 2021.
- The training plan was completed for the companies recently included in Viscofan: Globus, Nitta, Viscofan Japan KK.

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 Viscofan's 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
- Ethics and regulatory compliance committee
- Global Risk Committee
- Credit Risk Committee
- Investments Committee
- Cybersecurity committee.
- Sustainability Committee
- Senior management

In particular, the Global Risk Committee aims to identify and assess the main risks threatening the Viscofan Group, going into depth in the exposure of the organisation thereto to prepare the recommendations and actions required to manage the risks within the established margins. Likewise, the Viscofan Group, through the different risk control and supervision bodies, entrusts the Global Risk Committee with the preparation of a risk map.

The Global Risk Committee met three times in 2021 to update the risk map and the methodology, as well as to assess and monitor the main risks.

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. During the 2021 financial year, the comprehensive risk management and control system assessed these risks and identified those that were most critical (by expected impact and probability of occurring), as well as considering new risks and assessing their development.

Moreover, the Viscofan Group monitored the values of the risk indicators and the defined thresholds, so that when these thresholds were exceeded the required management measures were 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 description of the main risks, 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 2021 and the response and supervision plan:

Risk	Materialized in 2021	Response and monitoring plan
1. COVID-19 Panmdemic	1.a) COVID-19: Infection of Viscofan Group workers with the subsequent risk of production shutdowns due to outbreaks of COVID-19 in the workforce or due to a shortage of staff.	In 2021, Viscofan has maintained the protection of the health of employees implemented in 2020 at the beginning of the pandemic, which includes strengthening prevention and hygiene measures and increasing health personnel at the factories so that Viscofan can meet its responsibilities as an essential food company. Hence, none of our production plants have stopped due to COVID-19. Supply to our customers throughout the world has been ensured and in some countries increased demand has been met.
	1.b) COVID-19: Interruptions in the production of customers due to outbreaks of COVID-19 at their factories.	The diversification of the Viscofan Group's customer portfolio has allowed the impact to be moderate, together with rapid action to recover lost volumes.
	1.c) COVID-19: Limitations to the commercial activities of new products in the face of mobility restrictions	Remote meetings with customers have been promoted and commercial activity has been maintained when possible.
	1.d) COVID-19: The pandemic has meant that a part of the workforce has had work from home, which could have resulted in connection problems to computer systems and difficulties in the performance of administrative activities	Viscofan has ensured access to computer equipment and connections to corporate programmes in the commercial, financial, purchasing and logistics areas. The security protocols were also strengthened in the Information Systems Master Plan, with the implementation and planning of specific actions in the area of cybersecurity.
2. Exchange rate variations	Fluctuations in exchange rates, especially the USD with respect to the Euro, has an impact on Group earnings. Specifically, in the first half of 2021, it had a negative impact	The impact of the variation of the Group´s main exchange rates has been managed applying a hedging policy and with comercial discipline measures.
3. Environmental and climate change risks:	3.1) Significant increase in the price of CO2 emission rights	A sustainability strategy and plan has been deployed, together with the related Policies approved by the Board of Directors and a committee has been set up to manage sustainability risks, including environmental risks and those derived from climate change. The Group has continued with the implementation of the Environment Policy, the renewal and extension of the certifications in

		this area (mainly ISO 50,001 and ISO 14,001), the specific management improvement projects. As part of its decarbonisation plan, Viscofan has installed energy equipment with green hydrogen capacity and has carried out the first tests of this fuel of renewable origin in a boiler at the Cáseda plant in Spain..
	3.2) Floods in New Jersey, USA	Fast response to recover the activity Materials in warehouses and production support from other Group facilities to maintain the service to customers.
4. Operational risks	4.1) Increase in raw materials cost: The interruptions in manufacturing and consumption, together with the interruptions in transport, caused a lack of raw materials and basic products at global level. Accordingly, the price of certain critical raw materials for the Viscofan Group increased	Viscofan has implemented sales price increase from January 2022 to offset the inflation of operating costs. In addition, the Viscofan Group has taken measures such as carrying out detailed monitoring of costs, needs and the risk of non-availability and the examination of different scenarios.
	4.2) Increase in energy costs: The energy cost, both of gas and of electricity, increased significantly in 2021.	Viscofan has implemented sales price increase from January 2022 to offset the inflation of operating costs. The company has supply contracts with the main energy suppliers and cogeneration plants at certain Group companies, which reduces the risk of dependency. Furthermore, the Viscofan Group has taken measures such as a detailed monitoring of costs, of requirements and the examination of diverse scenarios.
	4.3) Supply chain disruptions: The imbalance between supply and demand in certain sectors, jams at ports and mobility restrictions caused by the COVID pandemic, have led, inter alia, to transport delays in certain goods, thereby representing a risk of production stoppages.	To mitigate this risk, the Viscofan Group increased safety stock, insured purchase volumes and applied innovative R&D solutions. This risk has not led to shutdowns of production plants.
	4.4) Production interruption at the Danville plant (USA) due to the manufacturing defect of a boiler by a supplier	Insurances to cover this kind of issues. Materials in warehouses and production support from other Group facilities to maintain the service to customers.

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 (2019) and the Crime Prevention Policy (2020) which, encompassed within the 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.

Specifically, to fight against money laundering, the Group had a reinforced control system in 2020 with financial, tax and commercial policies, and it was considered to be a low risk.

It should be noted that in 2021, 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. However, in 2021, a complaint was lodged in relation to the breach of the policies stipulated in the Code of Conduct arising from an investigation and the concomitant expulsion of the worker in question.

2.4 Commercial and supply management

The customer is at the centre of all the decisions we make about our products. We seek their safety, their satisfaction and their loyalty through a product of the highest quality, 100% safe and totally adapted to their needs through our Technical Assistance service. To this end, we pamper the product from the raw material stage to its final delivery to the customer, placing emphasis on continuously improving our production processes to make them ever more efficient and responsible. It is important to feed millions of households around the world but it is even more important to do so in a responsible and sustainable way.

Material aspects

- Customer satisfaction
- Supply chain
- Consumers´ health

Our commitment to Sustainable Development Goals. Lines of action

SDG 2. Zero hunger	We ensure the production and distribution of an essential ingredient for millions of households around the world, in a backdrop of restrictions and difficult movement due to COVID. Our portfolio includes products adapted to regulations of Islamic religion (Halal) and to regulations of the Jewish religion (Kosher), considering the specific cultural features of our customers. We also manufacture products of vegetable origin for vegans and vegetarians. We design sustainable products that help to avoid food waste. Through our products, we provide more efficient and sustainable cold meats manufacturing processes, contributing in the long term to meeting the growing demand for food.
SDG 12. Responsible consumption and production	We promote energy efficiency throughout the value chain, developing casings that minimises waste generation - such as gas emissions and wastewater generation, among others - during manufacturing and the subsequent processing. We have food safety and quality certifications. Our production policy in proximity through a production presence of up to 19 factories, contributes to reducing the impact of transportation on the environment.

The Viscofan Group places the customer at the centre of its operational decisions, continuously striving to provide them with the best value proposition to strengthen efficiency and have a greater product diversification, maintaining strict quality and food safety controls. We offer the highest quality in our products and services through:

- Product range
- Approval of suppliers
- A renowned technical assistance service for customers
- A sound product safety and food hygiene system
- Evaluation of customer satisfaction

Product range

We offer the widest range of products so that the customer can choose the casing that best suits his needs. More than 14,078 SKUs were sold in 2021.

Viscofan, as the world leader in the production and distribution of casings, is the only company that manufactures products in the four main artificial casing technologies: cellulose, collagen, fibrous and plastic casings. In this regard, we take maximum care over the raw materials that we use, ensuring that we maintain the highest food health and safety standards in all production phases, carefully seeking a more sustainable solution in the transformation of our products, adding vegetable casings in 2019 to meet the demand for new areas of interest in vegan and vegetarian products,

In a context in which consumer habits may lead to the use of non-sustainable materials, at Viscofan, 84% of our income originates from the sale of organic casings, or they are biodegradable or originate from already recycled raw materials. Likewise, we help our customers to achieve greater sustainability in their production processes, providing them with products with greater production efficiency leading to less food waste, which also enables the reduction of CO_2 emissions during their processing. Our product categories are as follows:

Cellulose casings

Our small size cellulose casing is characterised by its high elasticity, consistency of size and homogeneity. The ease with which this tripe is peeled guarantees a fast and uninterrupted production process. It also stands out for the excellent smoking properties and for the perfect absorption of colour and flavour. Enables printing in a wide variety of colours. Items can also be produced with colours or stripes to improve safety and, in general, their transparency and shine give the product a very appetising appearance.

They are used primarily in the production of industrially cooked sausages. They are especially used for traditional sausages such as frankfurters, Vienna sausages and hot-dogs. They can also be used in the production of raw-cured products.

Brands

Viscofan.

Main raw material: cellulose

Cellulose is a linear polymer composed of glucose units found in the wall of cells in plants, wood and natural fibres, usually combined with other substances such as lignin, hemicelluloses, and other components. To produce casings, the cellulose chain must be broken to obtain a polymer with the appropriate length for its extrusion in the form of a casing and with very specific elastic properties. This process requires cellulose with a high level of purity, also called "Premium cellulose" or "special cellulose" by our approved suppliers.

Sustainability commitment

All our suppliers are certified by the international PFEC and FSC certification programme, which ensures that the cellulose they obtain originates from sustainably managed trees and forests and, therefore, does not contribute to the deforestation of the planet.

Collagen casings

It is an alternative to animal tripe. These are casings that improve the appearance of the product, thanks to their smoked properties and perfect development of colour and flavour, fulfilling the consumer's wish to obtain a product with a classic and appetizing appearance. It is ideal for both cooked and raw-cured sausages. Collagen has great resistance because it stands fast filling,

oven cooking and hanging, hence it performs very efficiently in the production process. Collagen products stand out due to their high uniformity (homogeneous quality), and small sizes have good properties for frying and for providing a perfect "bite".

The classic collagen sheet (Coffi), and the pleated collagen with a net (Coffinet) offer new possibilities that go beyond traditional shapes, making it possible to produce cooked hams, cylindrical sausages and marinated and smoked items.

Brands

Colfan, NDX, Viscofan Natur, Edicurve, Eficook, Efidry

Main material: collagen

Collagen is a very common long fibrous protein with remarkable chemical and mechanical properties. It has been used for many years as a basic raw material for several applications, as well as for sausage casings. Among others, it is used in the fields of biomedicine and cosmetics, as well as applications in the food industry. It is also the basic material used in the extensive gelatine industry. The corium, or inner part of the skin of cattle, is mainly used to produce collagen casings, since it is very rich in collagen.

Sustainability commitment

Our collagen casings are the best example of the circular economy in the world of casings, since it takes advantage of bovine skin for its recovery in the food industry, all under strict controls and working with European skin suppliers that comply with animal well-being codes.

Fibrous casings

Fibrous casings give the product a high endurance and homogeneity of calibre but less elasticity than cellulose casings. Fibrous casings are mainly used for large sausages, products such as mortadella or salamis, which require excellent size consistency, in particular, products that are going to be sliced, an expanding market. They have a high mechanical resistance during the production process and are easy to peel.

They homogeneously transfer colour and aroma. The variety of colours available add value to the final product by improving it visually and giving it a very appetising attractive appearance.

Brands

Securex, Zip, PSX, Titanium

Main raw material: cellulose and abaca paper

The abaca paper is obtained from a herbaceous plant called musa textilis. Paper made from its fibres has a high mechanical and moisture resistance and is used at Viscofan to produce fibrous casings. Abaca fibre is also used by other industries to produce high quality paper and non-woven textiles for various uses such as tea bags, paper money and filters.

Sustainability commitment

All our suppliers are PFEC or FSC certified , ensuring that the paper they obtain comes from the sustainable management of trees and forests.

Casings, film, bags and other plastic products

There is a wide variety of types (in tube format and also in film format) that allow us to offer the most suitable product for each type of application. The tubular plastic casings are extremely resistant to the filling process and their barrier properties maintain the constancy of the aroma,

colour and weight of the product during its distribution and sale. These barrier properties maximise product life and cooking performance.

The plastic casings offered by Viscofan also incorporate exceptional characteristics such as a great ease of product moulding, peeling and slicing, and they maintain the organoleptic properties of the final product during its useful life.

Within the plastics division is a family of products focused on food packaging. Viscofan specialises in two of these types of products. On the one hand, the "Nanopack" plastic films, which are sheets for separation of sliced foods. These films - also called interleavers - enhance the visual characteristics of the product, its colour and brightness, and its presentation, since they stop slices of the product sticking together. On the other hand, retractable bags and "Vector" packaging films extend the catalogue of retractable bags that the company has had for many years, adding a new technology that provides options and properties to cover with a wider range of applications in the meat and dairy sector.

Our catalogue also contains products that can transfer spices, aromas, flavours or colours, depending on the added value requirements requested by our customers.

Brands

Viscofan Smoke, Betan, Tripan, V-4000.

Main raw material: plastic polymers

Plastic casings are obtained by treating different plastic polymers widely used in different industries. The most commonly used polymers are polyethylene, polypropylene and polyamides.

Sustainability commitment of plastic

In 2021, the development and processing of plastic have continued to progress in accordance with the 3R rules (reduce, reuse and recycle) and measures have been taken in favour of a circular economy:

-Reduce: At the Ceske Budejovice plant (Czech Republic), the thickness of the adhesive layer was reduced by over 10% through improvements in process control and product redesign. This reduction affected 70% of the total production of multi-layers in 2021 and reduced the consumption of plastic materials by approximately 25 tonnes. This type of reduction has also already been approved at Viscofan Brazil and will be carried out in 2022.

In 2021, another converting waste was avoided, especially in the printing of Viscofan Brazil. By implementing process improvements, the company managed to reduce printing waste by two percentage points. Moreover, customer claims due to printing failures fell by 88% on the previous year. Both improvements represent 3.2 million metres less material wasted.

-Reuse and recycle: in the first half of 2021, Viscofan officially launched a new casing that respects the environment and which is economically sustainable, known as eFAN. This casing contains up to 95% plastic recycled material or which has a biological base. In 2021, Viscofan had already secured the first customer orders for eFAN.

Also in 2021, Viscofan's plastic division obtained the ISCC PLUS certification from the plastic extrusion and plastic converting centres in Brazil, Mexico, Belgium and Germany. Furthermore, the extrusion and converting centre in the Czech Republic obtained the ISCC PLUS recertification.

That means that now all of Viscofan's important plastic extrusion and converting plants are ready to produce and introduce the eFAN casing.

-Circular economy: with the use of recycled renewable raw materials with a biological base, instead of consuming raw materials based on crude oil, Viscofan also provides the food industry with an important step in the management of the circular economy.

In total, in 2021, Viscofan bought almost 10,000 kilogrammes of recycled plastic materials based on post-consumption plastic waste and more than 5,000 kilogrammes of renewable plastic materials of a vegetable origin, having reached an agreement to double this capacity to 20,000 kgs of recycled plastic per year.

Functional solutions

Viscofan's functional casing and packaging solutions provide high value added, incorporating new colour, flavour and spice properties into foods.

Viscofan's functional solutions are also applicable to a wide range of foods, such as fresh produce (meat, vegetables, fish), processed meats, cheese and ready-to-eat products.

Brands

Vispice, Roast-E, Smoke-E, Edileaf

Main raw material: plastic polymers

They can be made under different technologies, such as polymers, collagen or abaca paper.

Sustainability commitment

The process of transmitting colour, taste and spices in this type of casing is greatly optimised, since it allows the process to be performed in a single step without manual intervention. Hence, product waste is avoided, while ensuring homogeneous production with significant reductions in cost and waste generation (smoke emissions from smoking processes, significant reduction in the generation of wastewater during manufacture, etc.).

Vegetable casings

A new generation casing that was launched in 2019, based on plants and specially developed for vegetarian and vegan recipes. In addition to being 100% vegetable, it is a gluten-free product, without GMOs (genetically modified organisms) and free of allergens. For all these reasons, its composition makes it ideal to cover certain expanding market requirements, specific legal and labelling conditions or demands of a religious nature.

The Veggie casing is suitable for fresh and cooked products, with good results in frying and it represents a particularly tender bite. As it is a completely vegetable casing, it is edible and therefore does not need to be peeled.

Our brand

Viscofan Veggie

Main raw material: vegetables

Viscofan has developed a new edible casing technology based on vegetables.

Sustainability commitment

Product free from allergens and GMOs.

In addition, Viscofan also markets machinery solutions to make it easier for our customers to use our casings. These machines have been designed for casings for which the meat machinery market does not offer adequate solutions due to their special application.

Supplier relations

The Viscofan Group is committed to its suppliers and establishes relationships with them based on respect and trust in the quality of products and services, and on a reciprocal growth and learning opportunity.

This is a commitment that we understand must be mutual and that globally links to all employees of the organisation in the use of best practices in product purchase management and in any other service contracted.

The consumption of main (cellulose, collagen, abaca, polymers) and auxiliary raw materials (those used for chemical transformation, such as glycerine and caustic soda, among others) represents 39% of the Group's total consolidated raw material consumption cost (39% in 2020).

Viscofan uses raw materials requiring different types of containers. A part of them is reusable, such as containers that store collagen skins, and another part is biodegradable and is recycled, such as the boxes that contain the cellulose paper and, to a lesser extent, other containers are of a synthetic origin, for which Viscofan promotes their recycling as far as possible.

Due to the production characteristics of our main raw materials, in terms of our supply chain, there is a low risk of trafficking in human beings or of slavery.

Viscofan has established a supplier approval system that ensures non-discriminatory treatment in the selection processes of suppliers and contractors, while seeking to ensure their compliance with quality, safety and cost criteria. In addition to this commitment, Viscofan expects suppliers to be innovative and efficient, to meet the legal and functional requirements, as well as the ethical practices required. In this sense and in accordance with our code of conduct and with our human rights policy, Viscofan rejects any type of child labour and, in accordance with this, our suppliers are asked to make a commitment similar to that included in our code of ethics.

In particular, our approval system for suppliers of raw materials and packaging includes a declaration of conformity with their performance commitments, in accordance with internationally accepted ethical principles and human rights. In 2017, all companies that make up the Viscofan Group began to request this commitment in the area of human rights and environmental criteria from new suppliers of raw materials, and this commitment was ratified by all of them.

Specifically, all suppliers of raw materials, packaging and maintenance must approve an internal approval procedure consisting of a verification, either in person or through the completion of a questionnaire. In both cases, among other matters, the following systems are assessed: quality management (ISO 9001, IFS), food safety management in the case of suppliers of raw materials (FSSC 22000, BRC Global Standard, BRC Packaging), occupational health and safety management (OHSAS 18001/ISO 45001), environmental management (ISO 14001) and human rights management (UN Global Compact, BSCI). In the specific instance of collagen, the acquisition of animal hide (mainly cows) is required that in Europe must comply with the European regulations of welfare of animals at the time of slaughter.

In this regard, and within the new 2022-2025 Sustainability Action Plan approved by the Board of Directors, a new suppliers code of conduct was approved and a commitment was established in which its progressive compliance can be verified at 100% of suppliers.

In 2021, the global supply chain was tensioned, causing a significant rise in prices, service delays and other logistical difficulties. This situation has not had a great impact on Viscofan since it has the greatest in-house production presence in the industry, enabling it to optimise the transportation of merchandise, both with respect to customers and suppliers. Through specialised transportation companies, it seeks the most optimum route to receive and distribute merchandise. Likewise, Viscofan's products due not require special conservation conditions during the distribution process, meaning that the transportation expenditure of the whole Group represents 3% of sales.

In addition, the Viscofan Group's activities in the countries in which it operates are geared towards value creation for all stakeholders, including suppliers. Thus, in 2021, the company allocated €473 million to reflect the distribution of value to suppliers of goods and services, and 52% of raw materials were purchased from local suppliers[1] (54% in 2020), which favours the economic development of the communities in which Viscofan is present.

In line with its economic importance, Viscofan has a solid anti-corruption policy, which includes the company's commitment to fight against bribery and corruption, and establishes the dealings and commercial relationship with third parties.

In 2014, Law 31/2014 of December 3 entered into effect, which modifies the Spanish Corporation Law with regards to corporate governance. It establishes that companies unable to present abridged income statements must mention their average payment periods to suppliers in their management report; these calculations must be based on criteria approved by the Ministry of Finance and Public Administrations, in accordance with guidelines established in the third section of the Second Final Provision of Organic Law 2/2012, of 27 April, on budget stability and sustainability.

In compliance with this reporting requirement, the average payment period for the Viscofan Group companies in Spain during 2021 was 23 days (24 days in 2020), lower than the maximum established by payment arrears regulations.

The average payment period calculations were performed as indicated in the Resolution of 29 January 2016 was published, approved by the Spanish Accounting and Audit Institute on information to be disclosed in the Notes of the Consolidated Financial Statements concerning late payment to suppliers in commercial transactions.

Sales team and technical assistance service

Viscofan has the largest commercial network in the industry and the level of service of its technicians is widely recognised throughout the market. As experts in customized casings, we are the only company in the sector that has its own technology in the main families of casings and therefore offers a global and integrated service to our customers, providing the casing option that best suits their needs.

Viscofan offers customers a Technical Support service, which is a competitive advantage and of great help to customers when deciding, from the wide range of casings, which one is adequate for the needs of each product. This work is of growing importance because our customers are not divided by technology, but rather they use various technologies for different products, depending on the degree of sophistication of the meat processor.

In a continuous improvement model, through multidisciplinary teams representing sales, production, and research & development areas, the Viscofan Group identifies the issues that cause most concern to the meat industry and analyses, develops and implements the related improvements.

Maintaining our leadership position in the global market in an environment as dynamic as the current one would be impossible without Viscofan's excellent level of service and diversification; as a result of our presence in 20 countries we are able to offer suitable casing solutions to more than 2,212 customers in 110 different countries.

1 A local supplier is deemed to be that whose tax domicile is in the same country in which Viscofan carries out its purchases.

Product safety and food hygiene

In order to guarantee the excellence of products and services for both customers and for the end consumer at all times, Viscofan has a food safety system that covers all of these aspects: manufacturing facilities are built to food safety specifications, employees are trained in food hygiene and product safety, raw materials are tested for compliance with specifications previously agreed with certified suppliers, systems are in place to detect defective materials in the production system, pest control is implemented and policies are in place to monitor hazardous substances, personal hygiene and visitors.

These protocols configuring our product food safety and quality system are based on the following core principles:

- **Hazard analysis and critical control point.** Viscofan has a hazard analysis and critical control point (HACCP) system in place. Hence, an inter-disciplinary team assesses every step of the production process to detect possible hazards (physical, chemical and microbiological pollution, including allergens), identify critical control points, establish relevant controls and take any required corrective action. The system is annually updated in line with any changes in the production process.
- **Compliance with the applicable laws.** Casings manufacturing is becoming more tightly regulated, in the area of food safety, by countries and supranational institutions, making up a growing and constantly changing battery of rules. This regulatory framework directly affects the activity of different production plants due to laws in the country of origin and requirements in the receiving countries, and internationally recognised standards. For this work it has a specific department of Patents and Regulatory Affairs.
- **Product traceability and certification.** Viscofan operates a product traceability system that enables us to identify, at any time and in full detail, the history of every unit and even sub-unit sold, from receipt of raw materials to product use by our customers. In Europe, Viscofan fully implements a food traceability system under Regulation (CE) 178/2002.
- **Audit and certification.** To ensure that our product safety and food hygiene systems comply with requirements, our production processes are audited internally on a regular basis. Our production facilities are also continuously audited by the health authorities, numerous customers and certification authorities.

What's more, Viscofan has internationally developed certifications for meat processors to homologate new suppliers and commercialise their products in the main distribution chains around the world.

This year, the mobility restrictions and other limitations linked to COVID-19 have once again meant a challenge for the audit processes of our plants which, in the case of Brazil, were carried out remotely.

Certificates that prove the organisation's commitment to product safety, health and quality at its work centres as well as in all the activities carried out around the world are shown below:

Viscofan Group certifications Country	Plant	Certifications Food safety	Quality
Spain	Cáseda	BRC Pack BRC Food	ISO 9001
	Urdiain	BRC Pack	
Czech Republic	Ceske Budejovice	BRC Pack BRC Food	ISO 9001
Germany	Weinheim	BRC Food	ISO 9001
	Alfhausen	BRC Pack	

Serbia	Novi Sad	BRC Pack BRC Food	ISO 9001
Belgium	Hasselt	BRC Pack	ISO 9001
China	Suzhou	BRC Pack BRC Food	ISO 9001
Canada	Montreal Moncton	BRC Pack BRC Food	
USA	Danville Montgomery New Jersey	BRC Pack BRC Pack BRC Food FSSC 22000	ISO 9001
Mexico	San Luis Zacapu	BRC Pack BRC Pack	ISO 9001
Uruguay	Pando	BRC Food	ISO 9001
Brazil	Itu Ermelino	BRC Pack BRC Food BRC Pack	ISO 9001
Australia	Sidney	FSSC 22000	Expected in June 2022

The Viscofan Group also has Halal and Kosher certifications. These certifications, referring to food products, are based on regulations that are key to servicing different markets and exploring new growth opportunities. The Halal certification is specifically designed for products sold in Muslim countries and Islamic communities, while the Kosher certification is a requirement for food consumption by the Jewish community.

Customer satisfaction

2021 was a year of high logistic demand marked by the disruptions in the global supply chains, and also by the successive rises in COVID cases. In this context, Viscofan has endeavoured to maintain excellence in customer service and care, supported by an ample geographical positioning that enables greater proximity and an extensive product portfolio. Customer satisfaction is, along with service quality and product safety, a fundamental objective for Viscofan. A commitment backed by what is reflected in an estimated 38% market share that has placed their trust in our products in 2021.

In this regard, the sales team has a satisfaction evaluation system that allows it to directly obtain customers' opinions by measuring mainly four parameters (Product Quality, Delivery Service, Economic Competitiveness and Technical Assistance). In the latest global survey conducted, a total of 348 questionnaires were sent out and a 82% satisfaction rate was obtained.

Likewise, Viscofan has a very comprehensive integrated complaints and claims system that facilitates dialogue and communication to record, identify, follow up and analyse any notification of dissatisfaction with the product or service provided by the Viscofan Group to its customers. It is a system of cross-sectional, continuous improvement in which the departments involved must analyse the cause of the dissatisfaction and provide the corrective actions that will be established in the organisation to avoid its repetition. Any dissatisfaction is analysed, making it possible to control both the material that is returned as a result of the complaints and compensations paid to customers.

In 2021, a total of 3,532 complaints were registered in our systems[2], including both service and administrative or product complaints, compared to 3,610 complaints in the previous year, and none were registered regarding customer data protection.

In addition, the Code of Conduct of the Viscofan Group establishes that "relationships with customers will be based on respect and transparency". Therefore, commercial messages fall within principles of transparency and veracity where no subjective comparisons are made nor is information given when it conflicts with third-party rights. These procedural policies extend to all geographical areas where the Viscofan Group has a commercial presence. It must be highlighted that in 2021 no penalties or complaints were filed for breaches relating to marketing notices or to the labelling of products and services, nor were there any incidents related to violations of customer privacy or the loss of data.

2 Does not include those third-party products converted and distributed by Viscofan Globus Australia and New Zealand22

2.5 Employment management

People are the differential value on which the future of Viscofan is built. Over 5,000 employees in 20 countries constitute an extraordinary human wealth. People management is key to achieving our goals and that is why we want to attract and develop the best team in the industry.

Material aspects

- Diversity, equal opportunities and non-discrimination
- Health & Safety
- Creation of stable employment and quality
- Salary gap
- Formation

Our commitment to Sustainable Development Goals. Procedural axis

ODS 8. Decent work and economic growth	Ensure decent working conditions for all company employees, with non-discriminative hiring. Likewise Viscofan maintains its commitment to create ongoing employment, with net growth of 2,3% in 2021 vs. 2020.
	We back the promotion and professional development of our teams, especially among young people. We inform employees of the opportunities and processes that arise at the company so that they can opt for new goals and challenges.
	We guarantee freedom of association and collective bargaining.
	Creating a stable working environment, supporting full-time permanent contracts, in a climate of respect and non-discrimination. 90% of our workforce have permanent contracts.
	Encouraging youth employment through recruitment and internship programmes. Almost a third of our workforce is under 35.
	Having occupational health and safety management systems at all the company's factories. We set the target of reducing the accident rate by 50% with respect to 2030.
	We maintain public-private partnerships with universities to carry out projects that contribute to sustainable economic growth.

Human team

Viscofan is made up of a large group of people who are spread across 20 countries in which the company has a presence, thereby reflecting its marked international nature. Ana multicultural, competitive, qualified team in constant training, which shares solid values and common ethical principles, despite having different cultures. In short, a rich and complex multicultural environment, which is both a challenge and an opportunity for the international development for all employees.

People

The average workforce in 2021 amounted to 5,083 people, a rise of 2.3% (116 people) if compared with the average workforce reported the previous year, due to the hiring needs to deal with production increases, highlighting the extension of fibrous in Spain and the extensions of collagen capacity in China and Europe. Of these employees, 3,688 are men (3,621 in 2020) and 1,494 are women (1,507 in 2020).

At 2021 year-end, the workforce comprised 5,182 employees (up 1.1% on the workforce at 2020 year-end).

The breakdown of the average workforce by country and their coverage by collective agreements is as follows:

	2021				2020			
Average workforce breakdown by country	Man	Woman	TOTAL	% covered by agreement	Man	Woman	TOTAL	% covered by agreement
Spain	644	226	870	68%	614	202	816	68%
Czech Republic	367	280	647	100%	365	279	644	100%
Serbia	406	223	629	100%	371	204	575	100%
Germany	473	76	549	81%	473	73	546	82%
China	211	142	353	0%	202	138	340	0%
Australia	55	14	69	42%	59	15	74	30%
Belgium	58	10	68	100%	63	10	73	100%
France	7	8	15	100%	5	7	12	100%
Thailand	6	8	14	0%	5	8	13	0%
New Zealand	8	5	13	0%	11	6	17	0%
United Kingdom	10	2	12	0%	10	3	13	0%
Russia	4	2	6	0%	4	2	6	0%
Europe and Asia	**2,249**	**996**	**3,245**	**75%**	**2,182**	**947**	**3,129**	**74%**
United States	418	184	602	51%	428	210	638	52%
Mexico	464	93	557	69%	429	84	513	73%
Canada	59	30	89	0%	65	39	104	0%
North America	**941**	**307**	**1,248**	**55%**	**922**	**333**	**1,255**	**56%**
Brazil	344	146	490	100%	340	144	484	100%
Uruguay	70	14	84	95%	71	15	86	95%
Costa Rica	8	8	16	0%	7	6	13	0%
Latin America	**422**	**168**	**590**	**97%**	**418**	**165**	**583**	**97%**
TOTAL	**3,612**	**1,471**	**5,083**	**73%**	**3,522**	**1,445**	**4,967**	**72%**

* The breakdown of the average workforce by country in the table above does not include Japan, since it is a company formed in June 2021 with one worker, or India, in which one Spanish person is working belonging to Viscofan Spain.

As part of Viscofan's internationalisation strategy, each year different initiatives are implemented in the area of International Mobility to reinforce the transfer of the Group's best practices through benchmarking from the Group to all its subsidiaries. In fact, there are numerous projects to transfer knowledge between the different production plants, and to develop specific global training seminars for Group workers.

In 2021, the tendency to travel, characteristic of Viscofan, was once again conditioned by the COVID-19 pandemic. However, international mobility within the Group remained stable, with an average of 38 employees that participated in international projects and which were posted abroad for long durations (43 in 2020). Likewise, short trips were adapted to the travel guidelines and the travel restrictions imposed by the company. Faced with this scenario, Viscofan reinforced investment in technology and new digital tools to overcome the travel restrictions and to reduce the risk and the economic and environmental costs associated therewith.

It should be noted that 83% of the members of the senior management team are recruited from the local community, i.e., they were born in the country where they hold their position.

Age

The potential of our team is based on young talent and experience. The average age of the workforce is 42 years, as in 2020. Of the total average workforce, 31% are under 35 years old, 42% are between 35 and 50 years old, and 27% are over 50 years old.

	2021			2020		
Breakdown of the average workforce by age	Men	Women	Total	Men	Women	Total
17 - 34 years	1,099	499	1,598	1,065	479	1,544
35 - 50 years	1,482	665	2,147	1,440	642	2,082
More than 50 years	1,031	307	1,338	1,017	324	1,341
TOTAL	3,612	1,471	5,083	3,522	1,445	4,967

	2021			2020		
Average workforce by age and type of recruitment	Permanent contract	Temporary contract	TOTAL	Permanent contract	Temporary contract	TOTAL
17 - 34 years	1,272	326	1,598	1,273	271	1,544
35 - 50 years	2,004	143	2,147	1,961	121	2,082
More than 50 years	1,299	39	1,338	1,312	29	1,341
TOTAL	4,575	508	5,083	4,546	421	4,967

Likewise, in line with the rules of the International Labour Organisation that appear in the Conventions 138 and 182 on child labour, Viscofan does not employ children under 14.

Hiring and professional category

Our business model has a marked industrial nature: 51% of those working at Viscofan are operators and 18% are specialised personnel. Within this industrial context, Viscofan is committed to stable quality employment, and 90% of the workforce have permanent contracts and 99% are full-time workers.

	2021			2020		
Average workforce. Type of contract	Man	Woman	TOTAL	Man	Woman	TOTAL
Permanent contract	3,274	1,301	4,575	3,238	1,308	4,546
Temporary contract	338	170	508	284	137	421
TOTAL	3,612	1,471	5,083	3,522	1,445	4,967

	2021			2020		
Average workforce. Type of working day	Man	Woman	TOTAL	Man	Woman	TOTAL
Full-time contract	3,577	1,439	5,016	3,480	1,407	4,887
Part-time contract	35	32	67	42	38	80
TOTAL	3,612	1,471	5,083	3,522	1,445	4,967

	2021			2020		
Average template per category	Man	Woman	TOTAL	Man	Woman	TOTAL
Directors	101	22	123	104	18	122
Technicians and supervisors	896	341	1,237	875	333	1,208
Administratives	57	176	233	57	178	235
Specialists	670	229	899	670	216	886
Labourers	1,888	703	2,591	1,816	700	2,516
TOTAL	3,612	1,471	5,083	3,522	1,445	4,967

	2021			2020		
Average workforce by category and type of recruitment	Permanent contract	Temporary contract	TOTAL	Permanent contract	Temporary contract	TOTAL
Directors	121	2	123	120	2	122
Technicians and supervisors	1,197	40	1,237	1,173	35	1,208
Administratives	215	18	233	223	12	235
Specialists	813	86	899	813	73	886
Labourers	2,229	362	2,591	2217	299	2,516
TOTAL	4,575	508	5,083	4,546	421	4,967

	2021			2020		
Average staff by category and part-time	Men	Women	TOTAL	Men	Women	TOTAL
Directors	1	0	1	1	0	1
Technicians and supervisors	11	6	17	11	7	18
Administratives	2	8	10	2	9	11
Specialists	3	7	10	5	7	12
Labourers	18	11	29	23	15	38
TOTAL	35	32	67	42	38	80

	2021	2020

Average staff by category and part-time	Men	Women	TOTAL	Men	Women	TOTAL
17- 34 years	7	8	15	6	8	14
35 - 50 years	7	10	17	11	15	26
More than 50 years	21	14	35	25	15	40
TOTAL	35	32	67	42	38	80

In a growing team, the policy on staff selection and recruitment is key to ensure continuity in leadership. In this regard, the development and recognition of the Viscofan Group's in-house staff is being stepped up by listing the company's job vacancies in internal information channels and on the intranet. In addition, the attraction talent strategy is pursued through international management tools for selection, hiring, internal mobility and expatriation processes.

Viscofan aspires to be a company where the talent of its employees can develop and reach the highest level. In this sense, several of its corporate directors have been recognised with awards for the best professional career, as is the case of the Group's Financial Director and R&D Director.

Also, Viscofan has 1,061 employees with university degrees (985 employees in 2020), of which 50 had a PHD (42 employees in 2020). A very high level of training that demonstrates Viscofan's rigorousness and the means used to achieve excellence in production and maintain the levels of innovation necessary in our activity.

Equality and work-life balance

Viscofan's employment environment enables the professional and personal development of all people that form part of the company, integrating them and allowing them to participate in the company's future regardless of their race, ethnic group, gender, sexual orientation, age, religion or nationality, among others.

The high percentage of men (71%) compared to women (29%) continues to be significant. A similar percentage to that of companies in the sector, where the incorporation of new companies into Viscofan's scope throughout the strategic period MORE TO BE continues to present a similar percentage, thus diluting the results of greater employability of women carried out by Viscofan.

	2021		2020	
% Average workforce by gender and category	Men	Women	Men	Women
Directors	82.1%	17.9%	85.2%	14.8%
Technicians and supervisors	72.4%	27.6%	72.4%	27.6%
Administratives	24.5%	75.5%	24.3%	75.7%
Specialists	74.5%	25.5%	75.6%	24.4%
Labourers	72.9%	27.1%	72.2%	27.8%
TOTAL	71.1%	28.9%	70.9%	29.1%

Commitment 2030: Promotion of female talent and professional development

Increasing the weight of the less represented gender is one of the challenges that we face, especially with respect to the retention, development and promotion of female talent. Accordingly, we set ourselves the objective of increasing the number of female directors to 30% by 2030.

The executive Sustainability Committee has analysed the tendency of the workforce by gender, monitoring the universal leave for the birth of children and the death of spouses and children, even in countries whose legislation does not provide for this, and no work disconnection policies were envisaged.

In 2021, the III Equality Plan for Viscofan SA and the I Equality Plan for Viscofan España SLU were approved, both with four-year terms (2021-2025), in which areas of improvement were detected, and different objectives were set to achieve equality and a work-life balance at the company, and the measures and/or actions were envisaged to obtain such balance in all the analysis areas detailed in RD 901/2020 which regulate the equality plans, as well as adding others that are considered fundamental to correctly develop and implement the plan and, in this regard, the Group has a negotiating committee charged with its promotion and follow-up.

This III Equality Plan of Viscofan SA is based on the evaluation of the previous plan, with an analysis of the actions performed and implemented or pending performance. Likewise, since the end of 2020, unbundled data was gathered by gender, in line with the new legal regulations, pursuant to RD 901/2020 and RD 902/2020 on remuneration equality, thereby including a remuneration audit.

To promote diversity, Viscofan works with special employment centres in Spain and in other countries to perform certain tasks that contribute to the development of our production activity. Likewise, its employees include people with other abilities. The breakdown of this heading is as follows:

	2021			2020		
	Men	Women	TOTAL	Men	Women	TOTAL
Nº employees with disabilities	67	6	73	67	7	74

Furthermore, in the area of equality, Viscofan has joined the CEO alliance for Diversity, a pioneering initiative in Europe, in which a total of 70 male and female executives have participated in the whole of Spain. Following the mission of uniting the CEOs of the main companies around a common innovative vision of diversity, equity and inclusion, acting as promoters and ambassadors that help to accelerate the development of strategies that contribute to business excellence, the competitiveness of talent in Spain and the reduction of inequality and exclusion in the Spanish society. The participation of Viscofan in the alliance involves its presence at meetings and symposiums, all in line with the commitment of going into depth in our policies and strategies of diversity, equity and inclusion, seeking synergies among different member companies.

In addition, the Viscofan Group participates as a Collaborating entity and a member of the Management Committee of the Observatory of Conciliation and Joint Responsibility of Universidad Pontificia de Comillas. Viscofan's work centres contribute to human development, basing themselves on a culture and shared values, and where they offer conditions that facilitate collective talent, the exchange of ideas, innovation, contrasted opinions and shared initiatives. However, the pandemic has led to a rapid transformation to ensure health and an adequate work-life balance; accordingly, in many countries, Viscofan adopted extraordinary flexibilisation and work-life balance measures, reducing working hours and providing leave to take care of minors or dependent people, among others.

Employment and remuneration

Workers are a key part of the Viscofan Group's success and leadership. Their constantly evolving commitment and work and improvement represent a clear competitive advantage for the Group.

In 2021, the workforce was increased due to the need to create new capacity, while the efficiency and productivity improvements have enabled the earnings ratio per employee to be improved.

	2021	2020	2019*
Average template	5,083	4,967	4,628
Revenue in million €	969	912	850
Revenue per employee (thousands of €)	190.7	183.6	183.6

** Excludes the workforce of Viscofan Collagen USA Inc. and Viscofan Collagen Canada Inc*

The average workforce increased by 2.3% in 2021 as opposed to 2020, situating the net variation in employment at 116 people. The net variation in employment by category, gender and age is broken down as follows:

	2021			2020		
Breakdown by age	Men	Women	TOTAL	Men	Women	TOTAL
17 - 34 years	34	20	54	39	10	49
35 and 50 years	42	23	65	99	73	172
More than 50 years	14	-17	-3	83	35	118
TOTAL	90	26	116	221	118	339

	2021			2021		
Breakdown by cathegory	Men	Women	TOTAL	Men	Women	TOTAL
Directors	-3	4	1	5	0	5
Technicians and supervisors	21	8	29	51	34	85
Administratives	0	-2	-2	4	0	4
Specialists	0	13	13	33	7	40
Labourers	72	3	75	128	77	205
TOTAL	90	26	116	221	118	339

The importance of these stakeholders - the employees - can be seen in the generated and distributed value table. In 2021, employees received €208 million of the total value generated by the Group (€194 million in 2020).

The necessary training in the production process, the strategies for creating long-term value, and the high level of commitment of the people who make up our team are reflected in the voluntary redundancy rate of the average workforce for 2021, which stands at 4.4% (2.9% in 2020). The increase observed this year has mainly to do with the variations in the United States, in which the context known as "the great resignation" doubled the volume of voluntary resignations with respect to the previous year, concentrated mainly in the category of operators.

The Group's business activity requires adapting to various market needs in the different locations, under criteria of competitiveness and efficiency, which in some cases, requires workforce reductions. In this regard, Viscofan is reorganising its production activity in North America.

The breakdown of average dismissals by category, age and gender is as follows:

Average workforce layoffs	2021	2020
Directors	3	1

Technicians and supervisors	12	10
Administratives	9	4
Specialists	3	9
Labourers	57	44
TOTAL	84	68

Average workforce layoffs	2021	2020
17 - 34 years	30	32
35 - 50 years	34	25
More than 50 years	20	11
TOTAL	84	68

Average workforce layoffs	2021	2020
Man	57	18
Woman	27	50
TOTAL	84	68

Remuneration

The contracting policy of the Viscofan Group is based on objectivity, equal opportunities and training, and one of its aims is to favour gender diversity, among other aspects. This implies competitive remuneration, adapted to the capacities and competences of the different profiles required according to the industrial or commercial process, and also according to the realities of the multitude of countries in which Viscofan is present.

The average remuneration expressed in euros by category and age is as follows:

Average remuneration (€)	2021	2020
Directors *	127,103	124,302
Technicians y supervisors	46,462	44,553
Administratives	31,801	31,125
Specialists	26,326	24,924
Labourers	25,504	24,217
TOTAL	32,610	32,025

** Excludes remuneration of executive directors in 2021 and 2020*

Average remuneration (€)	2021	2020
17 - 34 years	22,641	21,845
35 - 50 years	30,848	30,174
More than 50 years *	50,860	47,210
TOTAL	32,610	32,025

** Excludes remuneration of executive directors in 2021 and 2020*

Minimum salary paid in the country with respect to the minimum legal salary in the country:

Minimum wage paid in the country vs. the country's legal minimum (% difference over the minimum wage)	
Spain	104%
Czech Republic	23%
Germany	83%
Serbia	1%
Belgium	67%
United Kingdom	59%
France	19%
Russia	1,522%
China	44%
Thailand	172%
Australia	15%
New Zealand	4%
Canada	0%
United States	51%
Mexico	75%
Brazil	89%
Uruguay	5%
Costa Rica	17%

Within the area of remuneration, 73% of the company's employees are covered by general collective bargaining agreements, therefore improving the minimum conditions set by the different employment legislation. Collective Bargaining Agreements regulate the remuneration received by the workers who sign them, and in particular establish criteria of equity between similar jobs, thus avoiding gender discrimination and the wage gap between equivalent jobs. The Group's average remuneration is €32,610 (€32,025 in 2020): €35,218 for men (€35,012 in 2020) and €26,168 for women (€24,887 in 2020). This difference in average remuneration corresponds to a multitude of factors, from the gender composition of the Group, to its geographical presence, the different distribution of jobs, their level of specialisation, the night shifts for a continuous production process of 24 hours, danger and seniority bonuses, etc., which are in line with the industrial context, the composition of the workforce and the history of the Viscofan Group.

To perform an internal monitoring of the possible remuneration differences by gender in 2021, in Spain a project to assess work posts was implemented to identify comparable degrees, that is, those which, due to the nature of the functions or tasks effectively undertaken, the educational, professional or training conditions demanded for their exercise, the factors strictly related to their performance and the conditions in which these activities are performed, are equivalent. This analysis was performed with the help of the consultant Willis Tower Watson, which enabled up to 21 equivalent degrees to be identified within Viscofan.

Based on this experience, the equivalent in degrees was analysed internally for all the companies included in the scope of consolidation. Hence, the remuneration by degrees and gender was analysed in the different towns, to identify salary gaps, understood to be the difference between the salaries of men and women with respect to the salary of men in each of its degrees. Based on this analysis, the Sustainability Committee can monitor the performance of this indicator in the most significant degrees and therefore be able to establish the measures for its improvement.

The result of this analysis is summarised in the salary gaps per country, understood to be the weighted average of the remuneration differences between the salary of men and women with respect to all female employees of that country:

	2021	2020
Spain	11.2%	9.9%
Czech Republic	11.9%	15.0%
Germany	7.3%	14.2%
Serbia	2.6%	4.2%
Belgium	-1.9%	2.1%
United Kingdom	-22.9%	-35.6%
France	6.0%	11.9%
Russia	5.1%	3.3%
China	6.8%	17.0%
Thailand	25.5%	24.0%
Australia	2.7%	7.8%
New Zealand	-2.4%	19.9%
Canada	12.7%	13.7%
United States	12.6%	13.1%
México*	15.3%	15.6%
Brazil*	17.1%	16.3%
Uruguay	5.1%	11.1%
Costa Rica	-2.7%	-27.2%

* Excludes work centers with representation of one of the genders less than 5%.

The most significant salary gaps have been in the United Kingdom and Thailand, commercial offices with a small size of staff that in turn have individualized salary conditions, resulting in significant salary gaps of different signs (-22.9% and +25.5% respectively). In order to provide comparable information, the table presented excludes from the calculation those centers in which there is little representation of one of the two genders (less than 5% of the workforce), a circumstance that occurs in Mexico and Brazil, If this comparison were included, the gap would be -5.4% and 32.3%, respectively.

Viscofan's commitment to gender equality and to the development of female talent is backed by the objective of placing 30% of women into executive posts in 2030. In this regard, it has a Talent Management Plan, which has defined a talent map by gender to take advantage of all opportunities to incorporate the less represented gender, both with internal and external candidates, in those positions that they expect to have in the future in terms of vacancies, growth opportunities or within a succession plan.

The individual remuneration of all members of the Board of Directors is detailed in note 23 to the company's consolidated financial statements, in accordance with the Board's remuneration policy, as detailed in the Remuneration Report available on the company's website, www.viscofan.com

The Group makes contributions to various different defined benefit plans. The significant information is set forth in note 14 to the consolidated financial statements.

Professional development

We promote people's personal and professional development through different initiatives that allow us to manage knowledge and take advantage of employees' abilities to achieve the group's objectives.

Likewise, the industrial nature of Viscofan requires the combination of a large number of operators with specialised staff. This is an increasingly demanding and global industry in terms of requirements, which requires greater knowledge and expertise of the workforce. To take on this challenge, the Group constantly invests in staff capabilities, added to the continuous training effort carried out in the organisation.

Continuous training is one of Viscofan's primordial goals for its personnel, thereby boosting personal and professional development. The methodology has changed with training through e-learning platforms, both at corporate and local level, which enabled training activities to be continued that could not be provided on a face-to-face basis.

For this commitment to human capital training, the group has invested €1.4 million (€2.3 million in 2020), of which €0.3 million (€0.5 million in 2020) correspond to training and explicit awareness in health and safety (more information in the workplace safety section).

	2021			2020		
Formation	Men	Women	Total	Men	Women	Total
Number of hours	37,385	19,333	56,718	68,751	38,858	107,609
Average number of hours per employee	10.4	13.1	11.2	19.5	26.9	21.7
% of employees who have received training	89.0%	88.1%	88.7%	91.0%	91.3%	91.4%

Within the training plan, subjects related to aspects of human rights have been addressed, such as the use of non-sexist language, corporate social responsibility, gender equality and sexual harassment, for a total of 4,933 hours, compared to the 4,056 hours invested in 2020.

The number of training hours by category are broken down as follows:

	2021			2020		
Training. Number of hours by category	Men	Women	Total	Men	Women	Total
Directors	972	498	1,470	1,254	317	1,571
Technicians and supervisors	14,773	6,627	21,400	14,338	5,216	19,554
Administratives	644	2,042	2,686	615	2,412	3,027
Specialists	6,720	6,032	12,752	6,146	3,489	9,635
Labourers	14,276	4,134	18,410	46,398	27,424	73,822
TOTAL	37,385	19,333	56,718	68,751	38,858	107,609

The decrease in the number of hours reported in 2021 with respect to the previous year was concentrated mainly in the category of operators and was principally due to the change in training in the welcoming process in the United States. which was reduced considerably with respect to the previous year.

Facilitating training is one of the most effective measures to encourage the employability of our people, both with regard to the development of their career and to opt for opportunities for professional development within the Group. The new processes and vacancies at Viscofan are notified internally so that the people that wish to can set themselves new challenges and goals at the company itself, strengthening and preserving the talent of the human team.

Looking towards promoting employment, the Group also fosters participation in the main universities of the countries in which it carries on its activities. Within the objective of attracting and developing talent, in 2021, there were an average of 51 internships (70 in 2020).

In line with the results from the Work Environment surveys, the purpose of the Viscofan Group is to forward development of a personal high-performing culture and evaluate the established objectives through a performance assessment process. In particular, performance assessment is an on-going process of planning, monitoring and evaluating the objectives that are defined by each head with each team member. This methodology improves the professional capacity of each person and aligns individual expectations with the strategy and objectives as a company.

In 2021, 40% of the Group's staff was subject to a performance assessment process, compared with 41% in the previous year. The breakdown by gender and professional category is as follows:

	2021				2020			
Performance evaluation	Men	Women	TOTAL	% average workforce	Men	Women	TOTAL	% average workforce
Directors	90	13	103	84%	80	13	93	76%
Technicians and supervisors	536	211	747	60%	497	191	689	57%
Administratives	28	79	107	46%	27	72	99	42%
Specialists	209	100	309	34%	215	109	324	37%
Labourers	575	189	764	29%	576	274	850	34%
TOTAL	1,438	592	2,030	40%	1,395	660	2,055	41%

In line with the development of a high-performance culture, in 2021, Viscofan implemented a more digital and collaborative workspace at the whole Group, the Modern Workspace, through the implantation of innovative solutions that adapt to the different user profiles at Viscofan (personnel at offices, at the factory or commuting), and which will enable the teams to work more effectively thanks to the adoption of new tools, platforms and work methodologies.

The Group promotes evaluation bilaterality through pluri-annual global opinion surveys (Viscofan Opinion Survey). In this regard, in 2022, the fourth opinion poll of the Viscofan Group is envisaged, to learn more about our strengths and our areas of improvement.

Occupational safety

Viscofan works with the belief that it is possible to avoid all occupational accidents. Hence, it not only ensures that its facilities are safer, but also that its staff throughout the whole Group are aware of the fundamental importance of safety issues. A reality that was doubly imposed in 2021, due to the urgent need to protect the teams at all locations at which Viscofan is present and to ensure strict compliance with the prevailing safety measures with respect to COVID-19.

Corporate workplace safety policies are the responsibility of the Environment Health and Safety (EHS) department, working in close partnership with the corporate and local Human Resource departments. To a large extent, this coordination has enabled the immediate application at all subsidiaries of the safety measures and protocols to prevent and minimise cases of COVID-19 among the workforce, which has permitted Viscofan to maintain its production activities at its factories.

It has boosted measures and investments to improve the employment conditions of our workers and to obtain reliable and consistent indicators to measure and compare performance in

the various countries in which the Group operates. The best health and safety practices are thereby extended to the production centres.

Within the improvements in the area of occupational health and safety, noteworthy in 2021 was the implementation of a fire protection project in Pando (Uruguay) for 2020-2022, investments in fire protection systems in Koteks (Serbia) and in Weinheim (Germany) and the improvement of safety in converting machines in Cáseda (Spain). Likewise, accident investigation and health and safety training is shared among Group companies on the corporate intranet.

For Viscofan, the material aspects that affect safety are essentially based on the characteristics of the position and the activities that are required. This explains the constant effort of Viscofan to standardise procedures and distribute them among the workforce with regard to the company's safety policy, providing workers in this regard with specific courses and information in their areas of work.

In order to carry out these initiatives, a new occupational health and safety policy was approved by the Board of Directors in 2020, in which the following guidelines are indicated:

- Provide employees with a safe and healthy workplace.
- Identify and comply with applicable legislation and regulation in terms of Environment, Health and Safety (EHS) in each of the locations where the group does business, and any other voluntarily-acquired commitments of Viscofan to improve these areas.
- Ensure that management, employees and all staff working for the organisation (or on its behalf) are aware of this policy and are trained, according to their responsibilities, to comply with it.

Alongside this, certain specifications are determined within the collective bargaining agreements of the different locations in which the Viscofan Group is present in matters related to health and safety. In turn, the participation of employees in health and safety matters is guaranteed at all factories through health and safety committees- in which the company's risk prevention procedures are regularly and frequently consulted-, suggestion boxes, as well as other communication channels established.

The performance of the health and safety indicators of the Viscofan Group is as follows:

	2021	2020	2019
Hours lost per accident	28,592	31,257	20,682

	2021			2020		
	Men	Women	Total	Men	Women	Total
Number of accidents	117	32	149	116	31	147
Number of occupational diseases	8	3	11	5	1	6
Occupational accidents. Frequency [1]	18.0	13.1	16.6	17.3	12.3	16.0
Accident rate[2]	0.31%	0.25%	0.29%	0.38%	0.18%	0.33%

Absenteeism rate[3]	4.6%	6.0%	5.0%	4.2%	5.2%	4.5%
Severity index[4]	0.39	0.32	0.37	0.47	0.23	0.41

1. Number of accidents per million hours worked
2. Hours lost per accident / Hours worked
3. Hours lost per illness or accident / Total hours worked
4. Number of equivalent days lost per accident per thousand hours worked

In the year, accidents and their frequency increased at the Group. However, they were less serious with respect to the previous year, placing the seriousness rate at 0.37 with respect to 0.41 in the previous year, but lower than the 0.96 benchmark reported by the industrial sector in Spain. Also, the growth in absenteeism is related to the incidence of COVID-19.

The reduction in the accident rate is one of the priority objectives for Viscofan in the area of health and safety, for which measurable short- and medium-term objectives have been set: an initial reduction of 3% in 2021 and of 50% with respect to 2030.

A reduction in the accident rate has also been set as an objective within the long-term variable remuneration plan for Viscofan's senior management and key personnel, reflecting the number of hours lost due to accidents with respect to the total number of hours worked. The improvement achieved in recent years has enabled compliance with the objectives set.

Training in accident prevention and about the importance of safe behaviour patterns is one of the cornerstones of health protection of our employees. This training includes basic prevention measures that have to be adopted in the workplace, or the importance of day-to-day heart-healthy habits, the role of middle-level management and the improvement of its leadership in safety. The breakdown of the number of hours of training in this area is as follows:

	2021			2020		
Health and Safety Training	Men	Women	Total	Men	Women	Total
Number of hours	16,253	3,061	19,314	16,695	4,294	20,989
Average number of hours per employee	4.5	2.1	3.8	4.7	3.0	4.2
% of employees who have received training	69%	61%	68%	75%	64%	72%

Alongside this, the objectives of the MORE TO BE period were the inclusion of the OHSAS 18001 certification (or the most recent ISO45001 standard) at all production plants, an internationally accepted specification that defines the requirements to establish, implement and operate an effective Occupational Health and Safety Management System. The ISO 45001 is the new safety standard that substitutes the OHSAS.

Migration to the ISO 45001 certification has continued its development in 2021, significantly conditioned by the global situation of the pandemic, although most of the Group's factories have been updated with this certification. This process is expected to take place at the remaining factories in 2022.

The details of the Group's factories that already have these certificates is as follows:

Country	Plant	Certification	
Spain	Caseda	ISO 45001	Si
	Urdiain	ISO 45001	Si

Czech Republic	Ceske Budejovice	ISO 45001	Si
Germany	Weinheim	ISO 45001	Si
Serbia	Novi Sad	ISO 45001	Si
Belgium	Hasselt	ISO 45001	Si
China	Suzhou extrusión	ISO 45001	Si
	Suzhou converting	ISO 45001	Si
USA	Danville	*ISO 45001* Planned certification 2022*	*
	Montgomery	*ISO 45001*	Si
	New Jersey	*ISO 45001* Planned certification 2022*	*
Mexico	San Luis	ISO 45001	Si
	Zacapu	ISO 45001	Si
Uruguay	Pando	ISO 45001	Si
Brazil	Itu	ISO 45001	Si
	Ermelino	ISO 45001	Si

2.6 Environmental management and climate change

We are acting in line with the Paris Agreement to avoid climate change and the consequences of a global increase in temperature above 2 degrees with respect to pre-industrial levels.

This sustainable future means facing the challenges that range from the optimisation and purification of water used in the production process, a better use and reuse of raw materials and an efficient use of energy and renewable energy.

Material aspects	
• Climate change • Energy transition • Greenhouse gases • Energy efficiency	• Circular economy • Integral water cycle • Environmental management

Axis of action	
ODS 13. Climate action	We invest in technologies in the search for decarbonization such as the installation of energy equipment with the capacity to use green hydrogen in Cáseda and we promote the use of renewable electricity.
ODS 12. Responsible production and consumption	Viscofan invests in technologies that allow production with less productive waste, seeks to reduce the intensity of waste in landfill, and also develops and promotes the use of natural, biodegradable or recyclable materials, highlighting the advances in the family of plastics with the new EFAN casing.
ODS 6. Clean water and sanitation	We carry out sustainable water management by investing in technologies with lower water collection needs. We invest in water purification facilities to improve the quality of the discharge

Environmental management and climate change approach

Governance and strategy

Climate change is a significant aspect identified in the materiality analysis and, as such, is included in the Group's long-term operating management processes. It forms an integral part of our risk mitigation policy and an essential part of our Sustainability Action Plan.

The governance and management of climate change at Viscofan is the responsibility of the Board of Directors and, by extension, of the Appointments, Remunerations and Sustainability Committee (AR&SC) of the Board itself.

The functions of the AR&SC include promoting and supervising compliance with environmental sustainability policies, overseeing their improvement and that they take into account the legitimate interests of the stakeholders.

Viscofan has an Executive Sustainability Committee responsible for coordinating and supervising the long-term objectives, initiatives and work plans established by it in the sustainability area. Likewise, the Committee is part of the Group's risk control system in the assessment and management of climate change risks and opportunities.

It is a mainstream committee comprising the Group's Managing Director, Viscofan Spain's Managing Director, the Operations Managing Director, the Commercial Managing Director, the Human Resources Director, the Legal Director and the Investor Relations and Communication Director.

The Sustainability Committee met four times in 2021, analysing the progress of the 2019-2021 Sustainability Action Plan, boosting the strategic sustainability initiatives and the performance of the main indicators; the regulatory reporting analysis in the area of sustainability, placing special emphasis on the EU Taxonomy on Sustainable Finances, the performance of a new Sustainability Action Plan adapted to the new Beyond25 Strategy for 2022-2025, approved by the Board of Directors, among others.

Moreover, the management of environmental matters at Group level is the responsibility of the Corporate Environment, Health and Safety (EHS) Department, which reports to the Operations General Management and is responsible for coordinating and supervising EHS matters at all the Group's production plants.

Climate change management is regulated in the Climate Change Policy, which demonstrates the Group's commitment to this huge environmental problem, establishing its undertaking to control atmospheric emissions and energy efficiency, and to a business strategy related with the development of alternative energy sources.

Moreover, the internal climate change regulations are complemented by the environmental policy, approved by the Board of Directors. This policy establishes that the Group's procedures must be carried out with respect for the environment, which means incorporating sustainable development criteria in all areas of activity, guaranteeing the efficient management of natural resources and minimising the undesirable effects of the activity.

In addition, the Group has a Sustainability Action Plan for the period 2019-2021, which seeks to promote the development of a culture of best sustainability practices, especially in the area of environment, with commitments for 2030 to reduce waste, water collection and CO_2 emissions per metre produced.

In January 2022, the Board of Directors approved a new Sustainability Action Plan for 2022-2025, in line with the new Strategic Plan. This plan extends the Group's commitments in the area of sustainability and establishes lines of action and specific objectives at regional level.

To attain long-term goals and control climate-related matters, Viscofan has environment indicators which each Group factory reports monthly to central headquarters, such as energy (scope 1 and 2 emissions), water and raw materials consumption and waste production.

In 2021, the Group implemented new IT tools for the reporting and analysis of indicators, to perform a better analysis of their performance and possible variations. Likewise, information assurance was extended with the implementation of controls, requests for proof and a detailed review of such controls.

Climate change risks

Climate change is a risk identified in the Global Risk Map, since its implications may hinder the achievement of long-term objectives and the creation of value for stakeholders. See section 2.3 Corporate Governance, Risk Management section, in which the Viscofan Group's Risk Management System is detailed, together with the main risks and the risks occurred in the year.

Likewise, in the specific case of climate change risk, and taking as a reference the Task Force on Climate related Financial Disclosure (TCFD), Viscofan is performing the analysis of risks and opportunities at short-, medium- and long-term; the impact of risks and opportunities in the business lines, the organisation's financial planning and strategy and the measures implemented and envisaged for each type of risk and opportunity.

In the preliminary analysis, significant risks were identified as the following:

Transition. Legal policy and risks: The increased price of greenhouse gas emissions has an impact on the Group's operating costs. In 2021, the CO_2 emission rights expenditure was €7,9 million. On the basis of the foregoing, Viscofan is implementing measures to mitigate this:

- Within its Decarbonisation Plan, the Viscofan Group has invested in energy equipment with the capacity to use green hydrogen as a renewable energy source.
- Specifically, at the Cáseda plant, two cogeneration engines and a boiler were replaced, whose useful lives had ended and had to be substituted. Likewise, in 2021, Viscofan carried out the first tests to use green hydrogen, verifying its viability for casing production.

Physical. Chronic: The increase in the planet's average temperatures can increase the risk of water stress, causing a lack of supply at production plants. Based on this risk, Viscofan has identified plants located in regions of high or extremely high water stress, in line with the list of the World Resources Institute. Said plants are located in Brazil, Mexico, Belgium and China and, as a whole, represented 21% of the Group's total water collection in 2021. However, in 2021, these plants did not have water supply problems. Viscofan is implementing measures to mitigate this:

- Within the Sustainability Action Plan, Viscofan is analysing possible scenarios and measures to be implemented faced with this possible long-term risk.
- Likewise, the 2030 commitments include reducing the intensity of water collection. To comply with this commitment, Viscofan is developing and investing in technologies that require less water, promoting and studying the viability of reusing water in the production process and investing in the best available water treatment and discharge technologies.

Transition. Reputation: It involves an increase in the concerns of stakeholders if they do not comply with the expectations of society and customers regarding climate change.

In terms of earnings, it may represent a risk or an opportunity, with changes in product demand, depending on Viscofan's ability to comply with customer expectations. In this regard, Viscofan is continually monitoring market trends, and customer and consumer needs, specifically in relation to this matter. Hence, vegetable casings and eFAN plastic casings of a recycled nature have been developed, among others.

At operating cost level, it could lead to a risk of increased operating costs due the reduced availability of workers, and also to a rise in lending costs if Viscofan cannot gain access to financing if it does not comply with sustainable criteria. On the basis of this risk, Viscofan is implementing various measures:

- Viscofan has joined the United Nations Global Compact and it is committed to the United Nations Sustainable Development Goals. This commitment is formalised with Viscofan's objectives in 2030 within the Group's Sustainability Action Plan, for whose compliance specific objectives are being executed or planned.

- In 2021, Viscofan was the first company in the sector to sign sustainable lending, and the interest rate on the loans is tied to the performance of a series of sustainability indicators, which will be reviewed annually.

From the preliminary analysis performed, no impairment was identified on the current assets and no significant investments were envisaged to comply with the commitments established in our 2022-2025 Sustainability Action Plan.

Climate change opportunities

Viscofan's integral risk management system assesses and monitors the risks and their tendency, taking the necessary management measures which, aside from mitigating the risk, may generate opportunities. The main opportunities identified are as follows:

- The development and promotion of a circular economy may make the use of natural or recycled casings preferable, in which Viscofan is the market leader with respect to other synthetic casings.

- Possibility of being pioneers in an energy optimisation process in the quest towards decarbonisation. In this vein, Viscofan, in collaboration with energy companies and public bodies in Spain, is promoting the development of green hydrogen as a source of sustainable renewable energy for the industry.

- Promotion of a more sustainable food industry. Processes enabling the extension of the useful life of products and energy efficiency that reduces CO_2 emissions at customers.

- Use of our know-how in the diversification of products based on biomaterials for uses beyond the casing market.

Resources allocated

Viscofan's commitment to environmental improvement and the fight against climate change is also revealed in its human, operating and financial dimension.

Management systems

Environmental. ISO 14.001:

We are working to attain this environmental management certification at all our production plants. At 2021 year-end, 83% of the Group's plants now have this certificate. In 2021, in the USA, the Montgomery plant managed to obtain this certificate, and the Danville y New Jersey plants were pending its obtainment, immersed in a technological update project; hence, the certification process of its environmental management systems in this standard has been postponed, together with that of Alfhausen in Germany.

The breakdown of the Group's plants with the ISO 14.001 certificate at 31 December 2021 is as follows:

Country	Plant	ISO 14.001
Spain	Caseda	Si
	Urdiain	Si
Germany	Weinheim	Si
	Alfhausen	No

Serbia	Novi Sad	Si
Czech Republic	Ceske Budejovice	Si
Belgium	Hasselt	Si
USA	Danville	*
	Montgomery	Si
	New Jersey	*
Mexico	Zacapu	Si
	San Luis Potosi	Si
Brazil	Itu	Si
	Matarazzo	Si
Uruguay	Pando	Si
China	Suzhou (2 plantas)	Si
Australia	Sidney	Si

ISO 50.001 energy efficiency certificates

The Caseda (Spain), Weinheim (Germany) and Ceske Budejovice (Czech Republic) plants have an ISO 50.001 standard certificate, enabling the plants to improve their efficiency, energy costs and green greenhouse emissions.

Other certificates

Viscofan's plastic division obtained the ISCC PLUS certification from the plastic extrusion and plastic conversion centres in Brazil, Mexico, Belgium and Germany. Furthermore, the extrusion and conversion centre in the Czech Republic obtained the ISCC PLUS recertification. This certification system ensures the sustainability of raw materials and products for diverse markets.

Environmental investment

Part of Viscofan's industrial asset base relates to environmental management, seeking the best available technology in the management of water, energy and waste, among others. Hence, at the end of December 2021, the gross value of this type of asset was €65,4 million (€57,3 million at 31 December 2020).

Viscofan continues its quest to improve environmental management and with this objective in mind, in 2021, it invested €6.9 million in this area (€9,2 million in 2020). The following are noteworthy because of the impact they have on total investment: the installation of a new co-generation engine prepared to partially use green hydrogen as fuel and the installation of a boiler with a green hydrogen capacity, both in Caseda (Spain), and facilities for the processing of waste in the production process.

Environmental training

Being more sustainable and reducing our impact on the environment is a commitment for all of us. In addition to allocating financial resources, measures are also promoted to further the Group's values and commitments with regard to environmental management among employees, with training courses standing as an essential element of the management approach.

European taxonomy for environmentally sustainable economic activities

Foundation

In its notification dated 8 March 2018, the European Commission published its "Action Plan: Finance sustainable growth", with which it commences an ambitious integral strategy with which it endeavours to ensure that the finances become an essential driver to move towards an economy that guarantees compliance with the objectives of the Paris Agreement and of the agenda 2030 of the European Union (EU) for Sustainable Development.

In this context, the package of measures presented defines ten specific actions, one of the main objectives of which is to redirect the capital flows towards sustainable investments. As a result of the first of these actions, the Taxonomy Regulations were published, Regulation (EU) 2020/852, which endeavours to establish a classification system which, based on objective criteria, determines which economic activities are sustainable.

The Taxonomy Regulations establishes six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and the ecosystems

On 4 June 2021, the Delegated Regulation (EU) 2021/2139 was published on sustainable activities for the objectives to mitigate and adapt to climate change. Therefore, technical selection criteria were established to determine the conditions in which it is considered that an economic activity substantially contributes to these two objectives, and to determine if such economic activity does not cause significant harm to any other environmental objectives.

Likewise, on 6 July 2021, the Commission adopted the Delegated Regulation (EU) 2021/2178, completing article 8 of the Taxonomy Regulation. This delegated act specifies the content, methodology and presentation of the information that must be disclosed to the financial and non-financial companies in relation to the proportion of environmentally sustainable economic activities with regard to its commercial, investment or lending activities.

As indicated in this article, for reports published from 1 January 2022 on information for 2021, the non-financial companies that are entities of public interest and which have over 500 employees, must disclose the proportion of eligible and non-eligible economic activities in line with the Taxonomy in their total business turnover, their investments in fixed assets (CapEx) and their operating expenses (OpEx), hereinafter KPIs (article 10.2 of the delegated act that complements article 8 of the Taxonomy Regulation).

On 2 February 2022, the European Commission approved a Complementary Delegated Act on the Climate which includes, under strict conditions, specific nuclear energy and gas activities in the list of economic activities covered by the EU taxonomy. It will formally adopted once all the languages are available to be examined by the co-legislators. Article 3 of this Complementary Delegated Act established that the regulation will apply from 1 January 2023, hence it does not apply to this Management Report.

Analysis of implications for Viscofan

Viscofan's principal activity consists of the manufacture and distribution of all manner of artificial casings for cold meats and other uses; the manufacture and distribution of collagen-based products for food and bioengineering use; as well as, to a lesser extent, the generation of electricity for sale to third parties through cogeneration systems.

These activities were not included in appendix 1 of the Delegated Regulation (EU), which establishes the technical selection criteria to determine the conditions in which it is considered that an economic activity substantially contributes to mitigate climate change or to adapt it to determine if such economic activity does not cause significant harm to any of the other environmental objectives. In this regard, the Taxonomy does not identify whether the climate risks detected are material for the artificial casings industry, not being included as an eligible economic activity for the goals of climate change Mitigation and Adaptation described in the delegated acts adopted under article 10, section 3, article 11, section 3, article 12, section 2, article 13, section 2, article 14, section 2 and article 15, section 2, of Regulation (EU) 2020/852.

Accordingly, based on the prevailing applicable legislation for the 2021 management report, Viscofan does not carry out activities that may be included as eligible, in accordance with the taxonomy for the goals of climate change Mitigation and climate change Adaptation.

On 2 February 2022, the European Commission approved a Complementary Delegated Act on the Climate, which includes the co-generation of high efficiency heat/cold and energy based on gaseous fossil fuels encompassed within point 4.30 as an economic activity covered by the EU taxonomy.

This text will be submitted to a scrutiny period by the European Parliament and the Council and if approved, the application period would be from 1 January 2023. In this respect, with regard to the reporting of the consolidated management report for the next period, Viscofan is going to study if the co-generation activity complies with the technical selection criteria to determine the conditions in which it is considered that an economic activity substantially contributes to climate change mitigation, and to determine if such economic activity does not cause significant harm to any other of the environmental objectives.

Responsible energy management

The fight against climate change is a global task. As an energy-intensive company, Viscofan is committed to energy efficiency and global climate protection. We seek to reduce the intensity of our atmospheric emissions by investing in and developing more efficient production technology, increasing the use of renewable energy and leading the change in the industry towards technology that helps to fight against climate change. We also wish to positively influence the value chain, through sustainable casings that help our customers to reduce their emissions.

Casing production is an on-going process all year round that requires a lot of heat, especially in tripe drying processes. The main energy input used in the process is natural gas, electricity and steam.

The reduction in energy consumption with new technologies and the availability of renewable energy sources are essential aspects of Viscofan's undertaking to contribute to climate change protection and, hence, Viscofan works on three main axes:

- Development and investment in more efficient production technologies: As far as possible, Viscofan invests in improvements to reduce energy consumption and to make the most of the different ways in which this energy is present in our processes.

Viscofan's strategy for reducing overall CO_2 emissions includes using heat, even in the effluents from our production processes, or replacing systems requiring high amounts of energy with more efficient systems.

Specifically, the Viscofan Group has cogeneration plants that allow greater efficiency from an environmental point of view with savings in CO_2 emissions, cost savings and which ensure the continuity of the energy supply. These facilities are located in Cáseda (Spain), with an installed capacity of 48MW and in Weinheim (Germany), with 8.7MW.

- Fostering the development of technologies that help to combat climate change: In the current technological state, the most efficient way to generate energy to produce casings is on the basis of natural gas combustion. Within its decarbonisation plan, Viscofan boosts collaboration with public bodies and companies in the energy sector to develop green hydrogen capacities as a source of energy in the future casing production process. In this regard, work continued with the installation of energy equipment with green hydrogen capacity, and the tests performed at the Caseda plant were successfully completed to progressively replace natural gas with green hydrogen in one of its steam generation boilers. In a pioneering manner in the industrial sector, Viscofan has succeeded in proving that its facilities are prepared for the use of green hydrogen as a fuel.

- Viscofan promotes the use of renewable energy: Within this commitment, in 2021, Viscofan increased the use of renewable electricity at its plants, representing 31% of the total electricity acquired by the Group. The plants with electricity acquired of a renewable nature are as follows:

    - Spain: Caseda at 100%. Urdiain at 100% and since March 2021, part of the consumption is covered by solar panels installed at the plant.
    - Mexico: San Luis Potosi 100% and in Zacapu 50%.
    - Germany: The Weinheim plant began to acquire 100% of its electricity of a renewable nature from April 2021 and the Alfhausen plant also began to acquire 100% since July.
    - It is envisaged that the Novi Sad plant in Serbia will begin to use 100% renewable electricity in 2022.

This commitment has enabled Viscofan to save 31,739 tonnes of CO_2 in 2021.

Energy efficiency management at the Viscofan Group is expressed in internal energy audits and its corresponding improvement plans are encompassed within the Sustainability Action Plan. Viscofan has its own energy management system to monitor, follow up and control energy consumption.

Energy consumption

The internal energy consumption expressed in Giga Wh and the energy intensity, with a 100 baseline year of 2018, is the following:

Energy consumption	2021	2020	2019	2018
Gigawatt-hour (GWh)	2,465	2,371	2,294	2,276

Base 100 year 2018	2021	2020	2019	2018
Consumption in GWh /Meters produced	90	94	102	100

In 2021, internal energy consumption increased by 3.9% with respect to 2020 in a context of increased production activity. Viscofan's energy consumption in 2021 was broken down into:

- Fossil fuels: 2,091 GWh, (100% natural gas).
- Electricity acquired: 370 GWh. Of this, 31% originates from renewable energy sources.
- Steam acquired: 5 GWh

The consolidation of energy optimisation projects in previous years and the implementation of new projects enables Viscofan to grow in terms of earnings and production, reducing its energy intensity. Of note:

- The new Caseda cellulose and fibrous casing technology with lower energy requirements per metre produced.
- The installation of dry-tech technology collagen casing production capacity, in which the reduced water requirements in the process involves the reduced use of heat to dry the casing.

Emissions

The breakdown of direct and indirect CO_2 emissions and their intensity is as follows:

CO_2 emissions Tn	2021	2020	2019	2018
Direct	405,299	397,959	386,221	378,128
Indirect	142,682	165,228	154,580	164,138
TOTAL	**547,981**	**563,188**	**540,801**	**542,266**

Other emissions in tonnes	2021	2020	2019	2018
NOX	735	713	657	643
SOX	29	29	32	n.d.

Base 100 year 2018	2021	2020	2019	2018
Intensity of CO2 emissions / millions of meters extruded	84	94	101	100
Intensity of NOX emissions / millions of meters extruded	95	100	103	100
Intensity of SOX emissions / millions of meters extruded	74	80	100	n.d.

Absolute CO_2 emissions may be affected by the variation in the product family and geographical production mix, and the inclusion of new companies in the consolidation scope.

CO_2 emissions are calculated as follows:

- Scope 1 emissions: Based on the emission factors established in the Greenhouse Gas Protocol.
- Scope 2 emissions: The operation criteria is prioritised, that is, the emission factor of the electricity or steam supplier, based on its energy mix. If this information is not

available, the emission factor of the country in which the plant or Greenhouse Gas Protocol is located is used.

In 2021, emissions were reduced by 2.7% with respect to the previous year, due to the increased energy efficiency at the whole Group, to the acquisition of renewable energy in Germany, the change of emission factors used in Uruguay and the Czech Republic, in which the seller has facilitated the real emission of its production mix with respect to the regional one established previously.

Main projects in 2021

Within the commitment to reduce the intensity of CO_2 emissions and the on-going quest for efficient operations, the following projects were carried out:

In 2021, in Caseda, a green hydrogen capacity boiler was installed, together with a new green hydrogen co-generation engine. This is added to another boiler and to two engines with green hydrogen capacity installed at Caseda.

Within the Group's decarbonisation plan, in September 2021, the use of green hydrogen was successfully tested in one of the Caseda plant's boilers. Each cubic metre of natural gas substituted is equivalent to 2.15 kg of CO_2 avoided in the atmosphere. That is, in the period the Caseda test has lasted, 5 Tn CO_2 were avoided, equal to 2,700 Tn of CO_2 per year.

New production lines were installed at the Caseda plant using new fibrous technology which, among other aspects, is a more efficient form of energy.

Viscofan is involved in talks with public entities in Spain to be able to include cellulose casings as a source of biomass, a category not regulated under current Spanish legislation.

Solar panels were installed at the Urdian plant, which have enabled part of the plant's electricity requirements to be covered. They account for generation of 109,965 kWh.

In Germany, the possibility of using biomethane instead of natural gas has been studied. In this regard, it was agreed from 2022 at the Alfhausen plant to cover 100% of its demand with biomethane, thereby becoming the first plant of the Viscofan Group with zero emissions. Likewise, in 2022, the Weinheim plant is going to cover 1.3% of its demand with this renewable gas.

Emission savings:

Electricity production through cogeneration

In 2021, Viscofan avoided the emission of CO_2 into the atmosphere, by using cogeneration compared to that theoretically emitted to produce the steam obtained in cogeneration using conventional boilers, at the plants in Caseda (Spain) and Weinheim (Germany). Below is a detail of the equivalent tonnes of CO_2 avoided:

	2021	2020	2019	2018
CO_2 avoided by Energy Optimization	**94,033**	90,449	90,531	91,715

Thanks to the cogeneration installed, it is worth noting that over the last ten years, the Viscofan Group has managed to avoid the emission of nearly one million tonnes of CO_2 into the atmosphere.

2030 commitment to reduce the intensity of CO_2 emissions

The United Nations Global Compact, of which Viscofan is a signatory member, is committed to SDG 13. Climate action. Viscofan's commitment has materialised with a target by 2030, of a

30% reduction in scope 1 and 2 CO_2 emissions over a million extruded metres with respect to 2018.

The variations in the ratio on a baseline of 100 for 2018 are as follows:

Base 100 year 2018	Commitment 2030	2021	2020	2019	2018
CO_2 emissions range 1 and 2 / Extruded meters	70	84	94	101	100

Responsible management of the end-to-end water cycle

Water is essential for life and also for the viability of Viscofan's business, since the casing production process and a large part of raw materials used depend on water. We acknowledge that it is a resource whose availability is affected by climate change and by a growing global demand.

Viscofan's production plants require water collection for different phases of the process, such as the washing of casings, refrigeration, steam production and the moistening of said casings.

At Viscofan, during the production of casings, 22% of the water collected evaporates, is incorporated into the product or is consumed, while the remaining 78% is taken to purification plants installed at Viscofan's production plants to be processed before being returned to freshwater surfaces or municipal processing plants.

Viscofan's water management focuses its efforts two-fold. Firstly by seeking production technology with a lower water requirement, mainly in phases of the process that involve the washing of casings. Once the water has been used, Viscofan works to improve the quality of the water that we discharge even further and to understand the risks associated with the availability and use of water in the areas in which we operate.

Collection, responsible use of water

Water collection by type of source. m3	2021	2020	2019	2018
Surface water	4,269,619	4,107,250	3,849,469	3,755,026
Ground water	2,810,428	2,756,290	2,643,301	2,636,088
Local water supply	3,701,020	3,515,107	2,947,574	3,021,961
Rainwater	0	0	0	0
Waste water	0	0	0	0
TOTAL	**10,781,067**	**10,378,646**	**9,440,345**	**9,413,076**

Water withdraval by source. In%	2021	2020	2019	2018
Surface water	39.6%	39.6%	40.8%	39.9%
Ground water	26.1%	26.6%	28.0%	28.0%
Local water supply	34.3%	33.9%	31.2%	32.1%
Rainwater	0.0%	0.0%	0.0%	0.0%

Waste water	0.0%	0.0%	0.0%	0.0%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Intensity ratio. Base 100 year 2018	2021	2020	2019	2018
Water withdrawal in m3 / Extruded meters	95	100	101	100

Ratio of intensity to income	2021	2020	2019	2018
Water withdrawal m3 / revenues in millions €	11,123	11,378	11,110	11,975

In 2021, Viscofan increased production activity to satisfy a greater demand in casings, requiring increased water collection with 10.8 million metres^3 as opposed to 10.4 million metres^3 in 2020.

However, the water collection intensity ratio per metre produced dropped by 4.1% in 2021 as opposed to 2020. The consolidation of projects to optimise the use of water and those performed in 2021 have helped to achieve this improvement. Of note:

- The installation of dry-tech technology production lines to produce collagen casings in Caseda and in Serbia which require less water. The success of this technology has meant that the Group will implement it at other collagen casing production factories in 2022.

- The new Caseda cellulose and fibrous technology, which has a reduced water requirement per metre produced.

In 2018, it was endeavoured to make greater use of reused water in China, but it did not have the expected results. However, the reuse project at the Pando plant (Uruguay) commenced in 2020 is being consolidated; likewise, a project is being implemented in Brazil to reuse water from the production process to supply the fire system and water the garden. These projects have increased the percentage of water reuse, projects of great importance and technical complexity.

	2021	**2020**	**2019**	**2018**
Reused water in m3	16,942	15,172	1,069	26,635

All captures are strictly regulated by the public sector, which assign permits and determine the maximum permitted capture volumes to preclude significant effects. Hence, there was no record in 2021 of the organisation's water collection activities significantly affecting any water sources.

However, according to the World Resources Institute list, the plants of Belgium, Mexico, Brazil and China are located in countries of high or extremely high water stress, a risk that the Group has identified. They account for 21% of total water collection and 24% of the Viscofan Group's total water discharge in 2021. In the year, problems of water supply were not declared in these areas.

Responsible dumping

Protecting the quality of the water that we discharge into the tributaries is one of Viscofan's commitments. Adequate water management also includes correctly purifying its wastewater and minimising the impact of its activities on the environment, thus, we apply the best available technologies in an on-going process such as that of the Group.

Accordingly, Caseda's purification plant is an example of best practices within the Group. This facility allows the biological quality of the Aragón River as it passes by the plant to be improved. In 2021, a third party (Ekolur) performed a study of the water quality, concluding that a good high biological quality continues to be maintained in our downstream discharges.

Viscofan fosters investment in water treatment facilities. In this regard, at the Cáseda plant, linked to the investments in new production capacity, in 2021, the size of the water purification plant was extended.

The Group has water purification plants at its manufacturing facilities, where the treatment of water makes it possible to improve the quality of discharges. Factories that treat 100% of the water are: Cáseda (Spain), Zacapu (Mexico), Koteks (Serbia), Itu (Brazil), Pando (Uruguay) and Suzhou (China).

Wastewater broken down by destination is as follows:

Water discharge in m3	2021	2020	2019	2018
Freshwater surface	4,643,756	4,588,313	4,354,863	4,279,567
Local treatment plant	3,788,866	3,682,863	3,405,950	3,387,789
TOTAL	**8,432,622**	**8,271,176**	**7,760,813**	**7,667,357**

Water discharge in %	2021	2020	2019	2018
Freshwater surface	55.1%	55.5%	56.1%	55.8%
Local treatment plant	44.9%	44.5%	43.9%	44.2%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**

2030 commitment to reduce the intensity of water collection

The United Nations Global Compact, of which Viscofan is a signatory member, is committed to SDG 6. Clean water and sanitation. Viscofan's commitment has materialised with a target by 2030 of a 10% reduction in water collection over a million extruded metres with respect to 2018.

The variations in the ratio on a baseline of 100 for 2018 are as follows:

Base 100 year 2018	Commitment 2030	2021	2020	2019	2018
Water withdrawal in m3 / Extruded meters	90	95	100	101	100

Responsible management of the use of raw materials and minimisation of waste. Circular economy

Population growth influences the availability of the planet's resources, and the efficient use of such resources and the quest for a circular economy are essential. A global challenge requires environmental criteria to be included throughout the whole value chain to minimise the impact of Viscofan's activities.

The artificial casing production process transforms raw materials by mechanical and chemical means, leading to waste generation. Working in conjunction with the whole value chain, Viscofan promotes the sustainable use of resources. Firstly, through the selection, search and approval of raw materials, which are then transformed by mechanical and chemical means, producing millions of metres of casing per year. In this process, Viscofan is constantly searching for more efficient technology, which involves a reduced generation of waste, encouraging its circularisation. Lastly, Viscofan's product innovation helps and encourages the innovation of meat producers in the search for more sustainable products.

Management of raw materials

84% of our income originates from natural, biodegradable or recycled material casings and the rest corresponds to plastic casings of a synthetic nature. In the selection of raw materials, we seek to reduce their environmental impact as much as possible:

- Celullose and abaca pulp: To avoid deforestation and its impact on climate change, all our suppliers of abaca pulp and cellulose have PFEC or FSC certification that ensures the sustainable management of trees and forests. In addition, our cellulose and fibrous casings are compostable, and economically viable alternatives are being sought to take advantage of their properties, both in obtaining glucose or in their use as biogas.

- Collagen skin: Bovine and pig skin is used to obtain this material. It is extracted from the layer of the hidden mid dermis through the mechanical elimination of layers of epidermis and meat.

- Plastic: It represents a significant technological challenge in the search for sustainable solutions. In this line, we are working according to the 4R model (reduce, reuse, recycle, repair) in plastics technology with different initiatives, of which the following stood out in 2021:

    - The commercial launch in 2021 of the eFAN product line, which includes casings prepared with a proportion of renewable raw materials of biological origin and casings with a percentage of raw materials from recycled material

    - The progress in sustainable ISCC PLUS certification at our plastic plants.

Efficient management and waste circular

Viscofan is constantly searching for more efficient production technology that will enable, inter alia, a reduction in production waste. Furthermore, as established by the Environmental Policy, the concept of circular economy is included in the decision-making processes on investments and in the planning and execution of activities.

The production of casing is an ongoing process whose characteristics mean that waste will be generated throughout, notably, viscose, collagen mass and discarded casing in the converting process. Likewise, associated with environmental management at the water purification plants and the gas treatment facilities, the Group generates a material amount of waste.

For the management of the waste generated, we use disposal methods that have been determined locally based on local regulations and good practices within the Group, taking into consideration the characteristics of the production process and the raw materials used.

	2021	2020	2019	2018
Waste* in tonnes (tns)	63,410	57,344	49,307	53,423

Waste in tn / Metres produced. Base 100 year 2018	99	97	93	100

Ratio of intensity to income	2021	2020	2019	2018
Total waste in tns / revenue in millions €	65	63	58	68

* Excluding non-recurring impacts. At the Danville plant, a factory defect in a boiler caused an unplanned production stoppage, which led to a significant increase in plant waste. Likewise, at this plant a technological improvement project was commenced, for which the cleaning of facilities was required, generating waste whose destination was the landfill. As a whole, these non-recurring impacts represent 401 tonnes of waste earmarked for the landfill, which are not included in the total waste figure, since they are not associated with the business' usual production process.

In 2021, the tonnes of waste increased by 10.6% for the following reasons:

- The increase in Viscofan's production activities, with more millions of metres extruded.
- The tests performed for the start-up of the new fibrous capacity at the Caseda plant have led to a specific increase in waste.
- At the San Luis Potosi plant in Mexico, landfill waste increased due to the inclusion and start-up of the plastic casing production capacity transferred from the USA.

The following is a breakdown of waste and by-product management by category:

	2021		
Waste and by-product management	Non-dangerous	Dangerous	TOTAL
Reused	11.6%	1.1%	12.7%
Recycled	9.6%	0.5%	10.1%
Composted	20.5%	0.0%	20.5%
Recovered	2.9%	0.3%	3.2%
Incinerated	6.0%	0.3%	6.3%
Landfill	35.4%	1.2%	36.6%
Others	1.8%	8.8%	10.6%
TOTAL	**87.8%**	**12.2%**	**100.0%**

	2020		
Waste and by-product management	Non-dangerous	Dangerous	TOTAL
Reused	5.8%	0.0%	5.8%
Recycled	8.6%	0.4%	9.0%
Composted	29.9%	0.0%	29.9%
Recovered	1.7%	0.0%	1.7%
Incinerated	6.6%	0.4%	7.0%
Landfill	34.5%	1.6%	36.1%
Others	2.9%	7.5%	10.4%
TOTAL	**90.1%**	**9.9%**	**100.0%**

Within its commitment of an efficient and circular management of waste, the performance of projects at different subsidiaries is being implemented and analysed. Hence, in 2022, it is envisaged to implement a recycling project at the San Luis Potosi plant in Mexico to reduce landfill waste. Likewise, in the Czech Republic, a study is being performed to seek an improved treatment of waste through the recycling of cellulose in the converting production phase.

Moreover, the Viscofan Group has implemented an environmental management system with a view to preventing spillages and leaks, in which it has established management mechanisms and technical control elements. There were no spillages or leaks at Viscofan Group facilities in 2021 that had to be reported to the competent authorities, understood to be those that cause damage to the external area of the facility and must be reported to the corresponding administration.

2030 commitment to reducing landfill waste

The United Nations Global Compact, of which Viscofan is a signatory member, is committed to SDG 12. Responsible consumption and production. Viscofan's commitment has materialised

with a target by 2030 of a 30% reduction in tonnes of landfill waste over a million extruded metres with respect to 2018.

The variations in the ratio on a baseline of 100 for 2018 are as follows:

Base 100 year 2018	Commitment 2030	2021	2020	2019	2018
Tons of waste* in landfill / Extruded meters	70	93	90	91	100

* Excluding non-recurring impacts

Likewise, the reduction in the intensity of landfill waste was tied to the 2019-2022 Long-Term Incentives Plan aimed at executive directors, executives and key personnel, attaining 65% of the objective.

Environmental fines and penalties

In 2021, the Viscofan Group had not received any environmental penalties.

2.7 Human rights and impact on society

In its Sustainability policy, the Viscofan Group has a firm commitment to Human Rights, undertaking to carry out its activities in a responsible manner and to generate positive impacts on the communities in which it operates. In this regard, in 2021, Viscofan implemented different social initiatives through the help of different bodies and institutions in the communities in which it is present.

In line with the United Nations Agenda 2030, Viscofan is following an international roadmap to achieve a more sustainable world in social and environmental terms, since we wish to contribute to enable these objectives to achieve all their transformative power and ensure a better world for future generations.

Material aspects
• Human Rights and impact on society
• Local communities

Our commitment to Sustainable Development Goals. Procedural axis	
ODS 2. Zero hunger	Donations to NGOs to combat hunger, especially in the context of the crisis generated by COVID-19 Development of specific products to combat malnutrition.
ODS 3. Good health and well-being	Donations for the improvement of health facilities and equipment in hospitals, senior centers, pediatric centers and centers for the care of disabled people. Donation of sanitary equipment and individual protection material to fight against COVID-19 in the context of a health emergency. R+D+i looking for solutions based on our knowledge for the development of Advanced Therapies in our Division of Bioengineering and food supplement products.
ODS 8. Decent work and economic growth	Working towards full, productive and decent employment for people with disabilities. Promote the training and growth of microenterprises and SMEs for the creation of decent jobs. Support to public institutions in projects to promote the local industry.

Our main lines of action in human rights

The Viscofan Group sets common basic guidelines on human rights as the guiding principles in various areas of the organisation. from employee management to supplier relationship management. 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 disabled, 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.

Some noteworthy measures in the field of labour law:

-Promotion of the principle of non-discrimination. The Code of Conduct stipulates that "the employees of the Viscofan Group, within their geographical compass and cultural diversity, will

especially abstain from using any behaviour involving discrimination on the grounds of race, sex, nationality, language, religion, ideology or any other individual, social or personal circumstances (disability, economic position, trade union membership, etc.), and they will promote work in decent conditions, preventing any type of exploitation, with special care taken to prevent child labour".

-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 has been specifically included in the risk matrix of the Global Risk Committee in order to detect any violations.

-Protection of the free association of workers. 73% 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. Employees located at plants in the countries listed below have availed themselves of the following collective bargaining agreements: Spain, Czech Republic, Germany, Serbia, Belgium, France, Australia, United States, Mexico, Brazil and Uruguay.

-Compliance training. To raise the awareness of all company employees regarding the importance of respect and integrity in all employment and professional relations, Viscofan continues with its regulatory compliance training for all company employees in eight languages. 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 (sexual harassment or harassment at work, etc.) or any corrupt procedures within the company (fraud, bribery, etc.).

-Site accessibility. With regard to the accessibility of people with disabilities, Viscofan does not have a global standard that regulates the accessibility of disabled people 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 above the minimum wage established in the country.

The Anti-Corruption Policy also seeks to minimise the risk of acts of corruption, bribery, extortion and other acts of this nature that may undermine human rights and be an obstacle to sustainable development affecting the most unprotected societies. Furthermore, this fight against corruption envisaged by our policy sets specific criteria with regard to donations and sponsorship, establishing the prohibition on using them “to conceal undue payments” or “to make donations to political parties or entities linked thereto”.

Also, in line with the target of extending responsible management to the supply chain, Viscofan requests all its suppliers to commit to the defence of human rights, in line with United Nations guidelines. Viscofan SA also forms part of Sedex, the largest collaborative platform for the responsible sharing of supply chain data.

Supervision of compliance – Human rights

The Viscofan Group demonstrates its support and contribution to the dissemination and respect of human rights through three channels:

Since 2015, Viscofan has been a member of the United Nations Global Compact, an initiative of the UN. Viscofan was the first of the companies in its sector to sign it, motivated by its desire to contribute to the well-being of people and promote the economic, environmental and social development of the communities in which it is present.

The company's human rights policy adopts the basic principles of respect for internationally recognised human rights, contained in: the ten principles of the United Nations Global Compact, the European Convention on Human Rights, the United Nations Convention on the Rights of the Child, the guidelines of the OECD for multinational companies and the Social Policy of the ILO, among others.

In its Code of Conduct, Viscofan establishes that all Group employees, within their scope of action, must contribute to respecting and protecting human rights, and avoid any conduct contrary to such rights detected in the area of their activities.

To achieve these human rights objectives, Viscofan has an Ethics and Compliance Committee, which is responsible for opening, on its own account or at the request of a third party, an investigation of any situation that may give rise to a risk for the Group, as a result of a breach of the internal regulations or any other circumstance. To this end, Viscofan also has a whistleblower channel accessible to all employees and stakeholders, in which they can report any sign of conduct that they consider to be a possible risk. This channel is available at Vinsite (internal communication platform for Viscofan Group employees) on the Group's web page, although complaints can also be sent to the Ethics and Regulatory Compliance Committee by e-mail or by post to the Group's headquarters in Navarre. No cases of human rights violations were reported in 2021 and, specifically, nor has any case of forced labour or child exploitation been registered through the complaints channel.

The detailed description on the Viscofan Group's regulatory compliance system is set forth in section 2.3. Corporate Governance of this Management Report.

Training

Viscofan understands that training in human rights is a fundamental tool for raising employees' awareness in this area. In 2021, 4,933 hours were devoted to human rights training (compared to 4,056 hours the previous year):

	2021			2020		
Training dedicated to Human Rights	Men	Women	Total	Men	Women	Total
Training hours	3,607	1,326	4,933	3,034	1,022	4,056
% of total training hours	9.6%	6.9%	8.7%	4.4%	2.6%	3.8%

Alliances

We have a long history of collaboration with institutions or research centres in different countries, which ratifies the historical importance of SDG 17 (Partnerships for the Goals) at the company. In particular, Viscofan is part of and promotes various associations and groups seeking

to find ways of collaboration in the industry to increase its contribution to society. These institutions include:

-International Committee For Cellulose Films (CIPCEL). Based in Brussels, CIPCEL comprises the leading producers of regenerated cellulose film products.

-Collagen Casing Trade Association (CCTA). Association of the main collagen tripe producers throughout the world that offers a forum to its members to examine the enactment of legislation and actively promote the use of collagen tripe.

-Spanish Plastics Centre (CEP). This is the Spanish association of entities relating to the manufacture and processing of plastics.

-European Association Plastic Converters (EUPC). European association that groups together national plastic converter companies and associations.

-Gelatin Manufacturers of Germany (GMG). An organisation of German gelatin producers.

-AINIA. Food technological centre based in Spain that supports the R&D tasks of its partners, especially in the areas of quality, food safety, sustainability, environment, design and industrial production.

-ANICE. The Spanish National Association of the Meat Sector is the biggest meat association in Spain to provide advice, represent and defend the sector's interests.

-National Centre for Technology and Food Safety (CNTA), the purpose of which is to provide advanced technological services to improve competitiveness in the food sector through quality and innovation, under the principle of food safety.

-CEO for Alliance for Diversity. An alliance that aims to unite companies around a common innovative vision of diversity, equity and inclusion and to accelerate the development of strategies that contribute to: business excellence, competitive talent in Spain and the reduction of inequality and exclusion in the Spanish society.

-AIMPLAS. The Plastics Technology Centre offers integral solutions to companies within the plastics sector through the technical implementation of R&D&i projects.

- NAITEC. Multidisciplinary Technology Centre for the Industry.

Viscofan also collaborates with different universities and research centres:

- University of Navarre (Spain)

- Public University of Navarre (Spain)

-CIDAUT Foundation for Research and Development in Transport and Energy (Valladolid, Spain)

-MORE Institute Research (Germany)

-Hochschule Manheim Fraunhofer Institute (Germany)

-Tübingen University (Germany)

-Sao Paulo University (Brazil)

-Suzhou University (China)

-Universidad Tecnológica del Uruguay (UTEC)

The principal issues on which these collaborations are based are: food safety, analysis and development of new materials, process and food industry engineering, advanced physical and chemical analysis, basic research on materials and alternative uses and other packaging systems.

Moreover, Viscofan is importantly supported by the different administrations of the countries where it develops R&D activities, for example: the Centre for Industrial Technical Development (CDTI) and the Ministry of Economy and Competitiveness (MINECO) in Spain, the Federal Ministry of Education Research in Germany, the National Council of Science and Technology (CONACYT) in Mexico and the Institute of Technological Research (IPT) in Brazil. Likewise, in 2020 two regenerative biomedicine research consortiums were approved – ARDAT and TriAnkle - in which Viscofan BioEngineering participates and manages, respectively, together with other leading bodies and public-private companies. The ARDAT consortium, backed by the Innovative Medicines Initiative (IMI), brings together 34 expert organisations throughout the whole of Europe and the USA, with the shared objective of helping to standardise and accelerate the development of Advanced Therapy Medicinal Products (ATMP) and contributing to ensuring that these transforming treatments reach patients as soon as possible. Also, the research consortium TriAnkle, led by Viscofan, will permit the 3D manufacture of personalised 3D implants based on collagen and gelatine to regenerate injured tendons and cartilage, representing an innovative technique that will enable a greater more rapid recovery of tissue.

Commitment to our communities

The human rights principles and standards set out in the Agenda 2030 for Sustainable Development encompass a wide range of social, economic and environmental objectives. Our of all of these, Viscofan has identified the Sustainable Development Goals (SDGs) where the company can generate the greatest positive impact, and to do so it has taken into account both the nature of its business activity and the corporate mission and vision.

The following goals have been identified by the company as a priority:

SDG 2. Zero hunger

SDG 3. Good health and well-being

SDG 6. Clean water and sanitation

SDG 8. Decent work and economic growth

SDG 12. Responsible consumption and production

SDG 13. Climate action

Since the health crisis caused by the COVID-19 pandemic, Viscofan has been contributing, through numerous donations, to improving facilities and health equipment at hospitals, care homes for the elderly, paediatric centres and care homes for disabled people in various countries. Also, Viscofan has helped to check the negative effects of COVID-19, through the donation of different products such as protection measures to fight the pandemic.

Also, donations have been made to various NGOs, supporting local projects and micro-projects to fight against hunger and poverty, whose task in the most affected communities by the economic crisis caused by COVID has been and continues to be essential.

These initiatives were carried out in various countries in which Viscofan has its own presence, thereby contributing to the achievement of these five priority SDGs in which Viscofan may generate a greater positive impact. As a whole, the amount earmarked in 2021 was €288 thousand (€426 thousand in 2020).

Below, are some of the initiatives that most stand out, by country:

Project by country	Description	Sustainable Development Goals
Spain		
Donation to non-profit associations	Donation to improve the facilities of the Josefina Arregui clinic. Support for and sponsorship of the activities to promote and visualise the ELA (DalecandELA Foundation).	ODS 3. Good health and well-being
Aid to NGOs fighting hunger and poverty	Economic and food donation to Caritas for the fight against hunger and the effects of poverty, in the context of an economic crisis generated by COVID-19.	SDG 1. End poverty SDG 2. Zero hunger SDG 10. Reducing inequalities
"Entrepreneurial impulse" "Aditech Foundation"	Support to startups through sponsorship, mentoring and promotion of scientific development for the promotion of innovative companies in the region.	SDG 8. Decent work and economic growth SDG 9. Industry, innovation and infrastructure
Activities for the promotion, conservation and dissemination of culture	Support for seminars to disseminate the culture and artistic heritage of Navarre, including the sponsorship of the recovery of artistic works.	SDG 4. Quality education
Support to foundations for the promotion of local development and international relations	Support to foundations that have as their objective the local and regional development, the promotion of knowledge and the support of international relations for the creation of employment and dissemination of knowledge between countries.	SDG 4. Quality education SDG 8. Decent work and economic growth SDG 9. Industry, innovation and infrastructure SDG 17. Partnerships to achieve the goals
Germany		
Support for health workers and carers in Weinheim and vulnerable groups	Support to the initiative of the City of Weinheim in its appeal to make donations so that nursing staff in hospitals, nursing homes, etc. can receive a voucher for 2 people for a day of well-being.Financial support for a family victim of a flood in Rhineland-Palatinate	SDG 3. Good health and well-being
Actions for the promotion of sport and outdoor activities	Support to the youth team of the local football club TSG through the purchase of sportswear. Donation of sports equipment to the youth team TTC Weinheim. Donation for the renovation of the hydrotherapy space of the Weinheim Exotenwald.	SDG 3. Good health and well-being
Belgium		
Bee-hives	Donation to Happy Bees for the installation of hives in companies with the aim of growing the bee population.	SDG 12. Responsible production and consumption SDG 15 Lives of terrestrial ecosystems
USA		
Aid to children and young people	Donations to charities that provide resources to children (Monogram Loves Kids Foundation Project). It helps children and young people at risk of social exclusion (PV Young Lives project).	SDG 4. Quality education SDG 10. Reducing inequalities

Canada		
Helping families in need	Donation to Sun Youth to support low-income families by providing them with food and other essential services. Donation for student scholarships (Canadian Council Project).	SDG 2. Zero hunger SDG 3. Good health and well-being SDG 4. Quality education SDG 10. Reducing inequalities
Mexico		
Donation of protection material against Covid	Donation of hydroalcoholic gel to the Mexican Social Security Institute (IMSS) for distribution in different churches and entities of the municipality of Zacapu in Michoacán. Delivery of masks to the Institute of Security and Social Services for State Workers (ISSSTE) for distribution among the civilian population.	SDG 3. Good health and well-being
Serbia		
Public Transportation Company	Arrangement of a line of urban buses for employees and for other citizens in Novi Sad in a context of a state of emergency throughout the whole country due to the cancellation of public transport in the city of Novi Sad. This line of transport was used on an ongoing basis in 2021, to reduce the risk of catching COVID in scheduled transportation.	SDG 3. Good health and well-being SDG 8. Decent work and economic growth SDG 11. Sustainable cities and communities
Environmental improvement activities	Cleaning of the waste dump in the Klisa area in the city of Novi Sad in order to protect the environment and provide healthier living conditions in the area.	SDG 13. Climate action SDG 15. Life of Terrestrial Ecosystems
Czech Republic		
Helping vulnerable groups	Sponsorship of the virtual reality service (hardware and software) to face the negative impact of the pandemic on a nursing home in České Budějovice as a tool. Donation of 42 PC monitors to Caritas České Budějovice.	SDG 3. Good health and well-being SDG 4. Quality education SDG 8. Decent work and economic growth SDG 10. Reducing inequalities
Supporting local hospital employees during the pandemic	Support to local hospital employees during the pandemic through purchase of food for the medical staff of the pandemic infection department of the České Budějovice Hospital.	SDG 3. Good health and well-being
Brazil		
Helping vulnerable groups	Donation of food and blankets to different organisations and institutions to attend to vulnerable groups: the elderly, hospitalised children and families in need.	SDG 2. Zero hunger SDG 10. Reducing inequalities

Responsible taxation

As a result of some of these relationships, common projects are arising with which it collaborates and for which financial support has been received through grants and loans from official bodies. Viscofan is aware of the social impact its activity generates: from direct or indirect employment generated by its implementation, to the financial benefit that it obtains from its activities at each of the different companies at which it operates (note 7.1 of Viscofan S.A.'s financial statements) through which it contributes through the corresponding taxes. In 2021, income tax payments amounted to €43.3 million, as a result of the Group's business activities in different countries. There is more information about taxes in note 18 of the consolidated report. There is information about capital grants in note 13 of the consolidated annual accounts.

In this vein, at 31 December, the financial statements included loans with the CDTI and the Ministry of Economy and Competitiveness in Spain, amounting to €13 million (note 16 to the consolidated financial statements).

2.8 Viscofan on the stock market

Stock markets

2021 was characterised by the recovery of the global economy following the blow suffered in 2020 as a result of the COVID-19 pandemic. This was due especially to the vaccination campaigns deployed by most countries in the world, and also to the measures of monetary and fiscal support implemented by central banks and governments. However, the disruptions to the global supply chains and the appearance of new coronavirus variants led to a cooling off of the growth expectations by the International Monetary Fund (IMF).

Likewise, with this context, the imbalances between supply and demand led general inflation rates to increase rapidly in the last months of the year, to stand at maximums in the last decades, especially in the area of raw materials and energy.

In this regard, the IMF is projecting growth in the global GDP of +5.9% for the whole of 2021, with respect to the fall-off of -3.1% reported in 2020.

The global stock markets have reflected this context of economic growth with these rises. Noteworthy in the United States was the S&P 500 index with an appreciation of +26.9% in 2021, and in Europe, the Euro Stoxx 600 with a rise of +22.2%, the German DAX of +15.8%, being lower than the appreciation of the Spanish Ibex 35 stock exchange with +7.9%.

Viscofan shares

Viscofan's share capital consisted of 46,500,000 shares of €0.70 par value each, of the same class and fully paid-in.

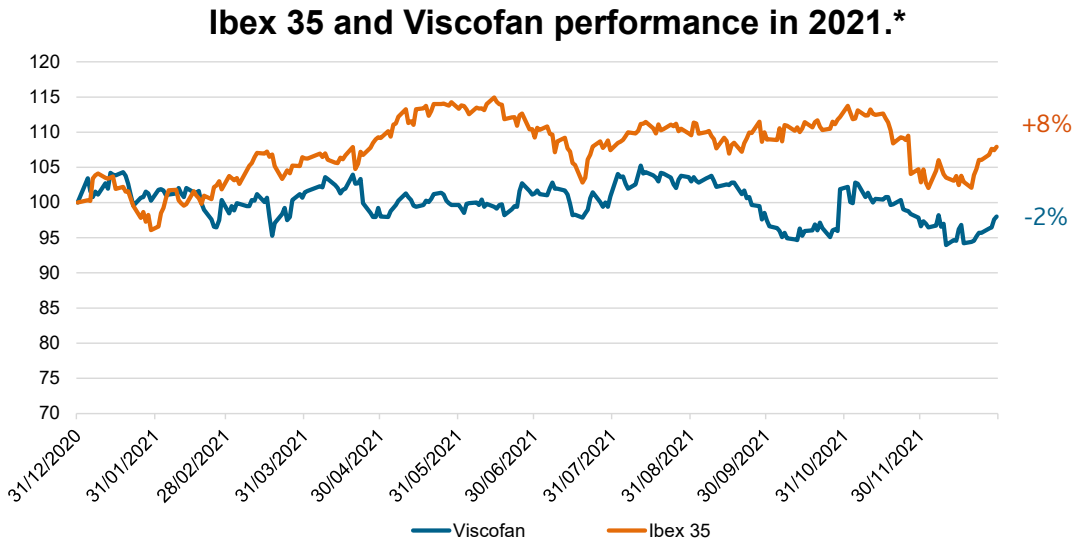
Viscofan's shares are admitted to trading on the Spanish stock markets, listed on the continuous market, since the company's exit from the stock market in December 1986.

It is listed on the Madrid Stock Exchange General Index (IGBM) and forms part of the Consumer Goods segment, within the Food subsector, the Ibex Mid Cap and the Ibex Top Dividendo index.

2021 performance

The soundness of the results reported in the different quarters of 2021 were transferred in various phases of the year to Viscofan's shares, which have succeeded in rising above €60 per share, consolidating such a positive year as 2020, with a rise in shares of 23.2%. However, coinciding with the inflationary pressure at world level in the last months of the year, the value was cut until closing the year at €56.9 per share, a drop of 2.0% with respect to 2020 year-end, but it is expressed by a rise of 0.9% if the dividends paid during the year are included.

The average daily market price in the year was €58.1 per share and Viscofan's market capitalisation stood at €2,646 million at the end of 2021.



**Graph on a baseline of 100 since 31 December 2020*

Likewise, in the whole of the year, over 19.6 million shares in Viscofan were traded on the Spanish continuous market, with a trading volume of €1,136 million, which is equivalent to a daily average of €4.4 million.

Creating shareholder value

Throughout the different strategic plans, the Viscofan Group has built a sound and flexible business model. This characteristic entails the creation of cash flows that allow investment projects to be carried out in order to improve value creation, which is shared with shareholders in cash and at the same time maintaining a sound balance sheet structure.

For example, in the period between 2016 and 2021, within the MORE TO BE Strategic Plan, Viscofan invested €476 million looking ahead in its value creation proposal, to lead the main casing markets in our three procedural axes: service, technology and costs. It represents the greatest investment period in Viscofan's history, which has combined with a growing remuneration to shareholders, with a remuneration per share which rose from €1.35 in 2015 to the €1.84 per share proposed in 2021, and which represents a total distribution in the MORE TO BE period of €465 million, including the distribution of dividends, attendance fees at the General Shareholders' Meeting and the repurchase of redeemed shares.

In this respect, the stock market continues to recognise the Viscofan Group's value creation, and is combined with the Group's commitment to shareholder remuneration. Thus, in the last ten

years, the average annual return was 7%, reaching 10% if we take into account shareholder remunerations. In fact, any shareholder that, in any of the last ten years, had bought shares at the beginning of the year and had maintained them until 31 December 2021, had received positive returns with the exception of those that acquired them at 31 December 2020, although they would have also seen their capital protected if the dividend distribution is included. Analysing the creation of value over time, this is greater for shareholders who have held shares in Viscofan for a longer period of time. For example:

The investment of a shareholder that invested €1,000 in Viscofan shares at the end of December 2011, and held them at 31 December 2021, was worth €1,992, and in these 10 years this individual also received €519 in dividends, a combined return of 151%.

Buy year (31/12)		Sell year (31/12)										
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Annual rate
2011	Viscofan	49.4%	44.3%	53.8%	94.1%	63.5%	91.9%	67.9%	64.3%	102.5%	98.5%	***7.1%***
2011	Ibex 35	-4.7%	15.8%	20.0%	11.4%	9.2%	17.2%	-0.3%	11.5%	-5.8%	1.7%	0.2%
2012	Viscofan		-3.4%	2.9%	30.0%	9.4%	28.5%	12.4%	10.0%	35.6%	32.9%	***3.2%***
2012	Ibex 35		21.4%	25.9%	16.9%	14.5%	23.0%	4.6%	16.9%	-1.1%	6.7%	0.7%
2013	Viscofan			6.6%	34.6%	13.3%	33.0%	16.4%	13.9%	40.4%	37.6%	***4.1%***
2013	Ibex 35			3.7%	-3.8%	-5.7%	1.3%	-13.9%	-3.7%	-18.6%	-12.1%	-1.6%
2014	Viscofan				26.3%	6.3%	24.8%	9.2%	6.9%	31.7%	29.1%	***3.7%***
2014	Ibex 35				-7.2%	-9.0%	-2.3%	-16.9%	-7.1%	-21.5%	-15.2%	-2.3%
2015	Viscofan					-15.8%	-1.1%	-13.5%	-15.3%	4.3%	2.3%	***0.4%***
2015	Ibex 35					-2.0%	5.2%	-10.5%	0.1%	-15.4%	-8.7%	-1.5%
2016	Viscofan						17.4%	2.7%	0.5%	23.9%	21.5%	***4.0%***
2016	Ibex 35						7.4%	-8.7%	2.1%	-13.7%	-6.8%	-1.4%
2017	Viscofan							-12.5%	-14.4%	5.5%	3.4%	***0.8%***
2017	Ibex 35							-15.0%	-4.9%	-19.6%	-13.2%	-3.5%
2018	Viscofan								-2.1%	20.6%	18.2%	***5.7%***
2018	Ibex 35								11.8%	-5.5%	2.0%	0.7%
2019	Viscofan									23.2%	20.8%	***9.9%***
2019	Ibex 35									-15.5%	-8.7%	-4.5%
2020	Viscofan										-2.0%	***-2.0%***
2020	Ibex 35										7.9%	7.9%

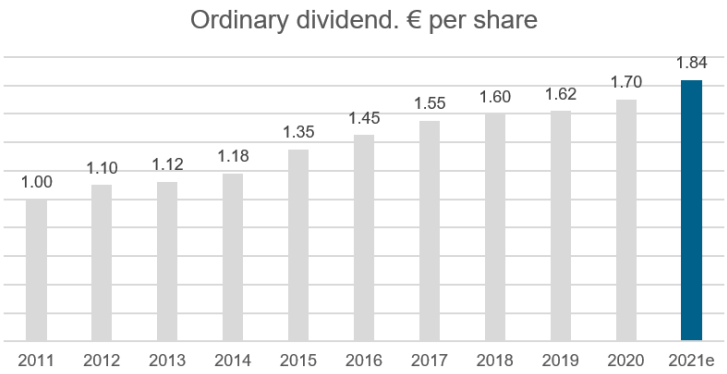
2021 dividend

The proposed total shareholder remuneration with a charge to 2021 profit stood at €1.84 per share and exceeds, by 8.2%, the ordinary remuneration per share of €1.70 approved in the previous year. This proposal means distributing 64% of the Group's net earnings in 2021.

This can be broken down as follows:

- An interim dividend of €1.40 per share (paid on 22 December, 2021).
- The proposed final dividend of €0.43 per share (payable on 2 June 2022), which the Board of Directors has resolved to propose to the General Shareholders' Meeting.
- A bonus for attending the General Meeting of €0.01 per share.

In terms of profitability, the total dividend proposed for 2021 is 3.2% of the average share price during the year.



Viscofan, its shareholders and investors

One of Viscofan's objectives, through its Department of Investor and Shareholder Relations, is to create value for the investor community by improving accessibility, the transparency of information and providing shareholders with relevant information of a financial and non-financial nature, on its strategy and on its operations to gain a better understanding of the company.

To ensure this information flow and to grant certainty to shareholders, markets and other stakeholders on the transparency and access to information, Viscofan has a Communication policy with shareholders, institutional investors, advisors on voting and economic-financial, non-financial and corporate information, defined in conformity with the good governance practices and recommendations applicable to listed companies.

Communication channels

Viscofan provides the investment community with a multitude of communication channels: presentations at seminars and events organised by the financial community, roadshows with institutional investors promoted by the company or by brokers, earnings presentations, the General Shareholders' Meeting, organised visits to Viscofan's head office, telephone calls to a dedicated investor and shareholder helpline, a special e-mail address, notifications and regular public information submitted to the CNMV (Spanish National Securities Market Commission).

Also, the information published on the website www.viscofan.com:

- In the Investor Relations section in which Viscofan makes the latest news, reports and quarterly presentations of results, annual report, share price performance and other information of interest, etc., available to the public.

- The Sustainability section details the information on Viscofan's main commitments to the Sustainable Development Goals, indicators in the area of sustainability and the 2030 commitments to reduce the intensity of emissions, of water collection, of waste sent to landfills, to reduce the accident rate and to promote diversity.

- Viscofan's Corporate Governance section publishes the information relating to the Board of Directors, committees, policies and regulations and other related information of interest.

Likewise, Viscofan maintains fluid communication with the financial markets, so that in 2021, a total of 16 analysis companies, Spanish and international alike, covered Viscofan on a recurring basis.

At the same time, Viscofan encourages direct contact through face-to-face meetings with investors, both shareholders and non-shareholders interested in the company. However, in 2021, mobility restrictions and social distancing as a result of the COVID-19 pandemic led most meetings to be held virtually.

Accordingly, in 2021, Viscofan held a total of 229 face-to-face or video-call meetings with investors -shareholders or otherwise-, in the framework of seminars and events held by the financial community. In 2020, there were 214 meetings of this type.

The communication effort carried out throughout all these years has been recognised by the investment community. In 2020, the newspaper The Economist awarded Viscofan its “Value Creation for the Shareholder” prize. In the XIX edition of the Business Transparency Prizes, the Spanish Accounting and Business Administration Association granted Viscofan the “Most significant improvement” award for Ibex 35 companies. Previously in 2019, “Institutional Investor” in its “All European Executive Team” awarded the prize to Viscofan for the 1st Best investor Relations Programme for Sell-Side of the Paper & Packaging sector.

Bidirectional communication is important, since the questions and concerns of the Financial Community are taken into account and transmitted within the company, such as financial, strategy, sustainability and corporate governance matters.

In 2021, the most frequently asked questions were related to the impact of inflation on energy and raw material prices, the rise in sales prices announced for 2022, the management of the COVID-19 pandemic, the variations in casing demand, possible impacts of the disruptions in the supply chains, the extension of fibrous capacity in Cáseda, the sustainability strategy and projects at Viscofan; shareholder's remuneration, among others.

Stock Market. Key performance indicators

MORE TO BE strategy period

Share price €	2021	2020	2019	2018	2017	2016
Year-end price	56.90	58.05	47.10	48.12	55.01	46.85
Year high	61.45	64.35	56.55	66.20	56.33	56.06
Year low	53.25	43.28	40.12	46.20	46.75	41.84

Viscofan in the stock market evolution	Year end 2021	Year end 2020	Year end 2019	Year end 2018	Year end 2017	Year end 2016
% annual change Viscofan	-2.0%	23.2%	-2.1%	-12.5%	17.4%	-15.8%
% annual change IGBM	7.1%	-15.4%	10.2%	-15.0%	7.6%	-2.2%
% annual change IBEX 35	7.9%	-15.5%	11.8%	-15.0%	7.4%	-2.0%
% annual change Euro STOXX 600	22.2%	-4.0%	23.2%	-13.2%	7.7%	-1.2%
% annual change Medium Cap	8.6%	-9.7%	8.4%	-13.7%	4.0%	-6.6%
% annual change Sub sector Food and beverages IGBM	-1.6%	10.6%	1.8%	-8.4%	5.2%	-5.4%

Stock market trading data	2021	2020	2019	2018	2017	2016
Market capitalization at year-end (millions of €)	2,645.9	2,699.3	2,190.2	2,242.6	2,563.7	2,183.4
Traded volume (million of €)	1,135.8	1,561.8	1,230.5	1,669.1	1,995.2	2,707.1
Daily average trading volume (million of €)	4.4	6.1	4.8	6.5	7.8	10.5
Traded shares	19,626,412	28,338,888	25,815,115	29,807,220	38,658,041	54,701,597
Daily average of traded shares	76,666	110,268	101,236	116,891	151,600	212,022

Share ratios	Year end 2021	Year end 2020	Year end 2019	Year end 2018	Year end 2017	Year end 2016
Listed shares	46,500,000	46,500,000	46,500,000	46,603,682	46,603,682	46,603,682
Earnings per share (1)	2.87	2.63	2.27	2.66	2.62	2.68
Remuneration per share (2)	1.84	1.70	1.62	1.60	1.55	1.45

(1) Net earnings per share is calculated by dividing net profit by the average weighted number of ordinary shares in circulation during the year, excluding treasury stock
(2) Includes: dividends, capital reimbursement, refund of issue premium and bonus for attending the General Meeting

3. 2021 results

Business performance

MORE TO BE 2016-2021 strategy balance

This period has been characterised by an intense operational, investment, commercial and innovation activity carried out by the Viscofan Group to achieve a triple leadership in the company's strategic pillars: service, cost, and technology. As a result of these initiatives, the market share of casings rose from 30% in 2015 to 38% in 2021, reinforcing the market leadership.

This growth represents millions of casings per year, reaching more homes in the world, to more countries from more factories. All this has been possible thanks to the effort of the human team, which has also grown in the last few years. The average workforce rose from 4,233 people in 2015 to 5,083 people in 2021.

Upon the conclusion of the Strategic Plan, Viscofan has a unique geographical positioning in the sector, with its own presence in 20 countries in five continents, in which 19 production plants are situated.

It has also carried out an intense activity of acquisitions. Vector, Supralon, TransformPack, Globus and Nitta Casings have enabled the Group to extend its geographical and product offering. Otherwise, in this period, by establishing sales offices, Viscofan has moved closer to countries with significant future growth potential, such as India and Japan.

In parallel, Viscofan has implemented an ambitious investment plan, allocating over €476 million in the period to reinforce and extend the existing industrial park with investments in capacity in all technologies, improvements in processes, safety, and environmental matters, among others. The most significant project undertaken in the period was the construction of the new plant in Cáseda (Spain), in which a disruptive cellulose and fibrous technology was installed which, aside from being more efficient and productive, - having achieved savings in the production of cellulose of over €10 million -, has laid the bases to double Viscofan's size in fibrous technology.

Regarding to product innovation, in the period, the commercial offering was extended highlighting, among others, the Veggie casings, Natur, Marathon, eFAN, and Vispice are examples of the innovation that is allowing Viscofan to provide a better service and variety to the new market trends.

Furthermore, Viscofan is crossing the borders of the traditional market in the search for and development of new businesses in areas such as biomedics and nutraceutics, in which it has taken important steps at product, production and marketing level that will have greater importance in the following strategic plan.

In the area of sustainability, the first Sustainability Action Plan has been concluded, which included the deployment of specific initiatives to achieve its decarbonisation and social sustainability objectives. Within the milestones reached are the reduction of CO2 per km produced by 15.8%, the pioneering tests in the use of green hydrogen in our production process and the signing of the first sustainable loans in the casing sector.

Market

Global demand for casing has once again shown solid growth in 2021 in all reporting areas, highlighting the strong performance of Asia - especially in China -, and the market recovery of collagen casings in Europe following the decline in 2020 due to the pandemic.

In turn, the tension in the supply chains has meant a great logistic challenge, which has been reflected by an increased need to assure the service on the part of our customers, and a widespread cost inflation that shows the importance of casings as a key ingredient in the search for improved efficiency in the manufacture of sausages.

In this context, Viscofan has gained market share, backed by its extensive product range and a global positioning, which permits a greater proximity to the main markets.

Main financial results:

Selected figures. Viscofan Group income statement ('000 €)

	Jan-Dec' 21	Jan-Dec' 20	Change	Like- for -like*	Oct-Dec' 21	Oct-Dec' 20	Change	Like- for -like*
Revenue	969,237	912,160	6.3%	8.0%	257,825	240,269	7.3%	4.1%
EBITDA	246,670	234,433	5.2%	8.9%	61,143	65,465	-6.6%	-13.0%
EBITDA Margin	*25.4%*	*25.7%*	-0.3 p.p.	0.2 p.p.	*23.7%*	*27.2%*	-3.5 p.p.	-4.4 p.p.
Operating profit	174,389	162,907	7.0%		43,139	48,192	-10.5%	
Net profit	132,997	122,513	8.6%		33,245	34,651	-4.1%	

The results for 2021 show the robustness of Viscofan's business model, since it has known how to give a response to the increased demand for casing volumes, in a context marked by inflation - especially of energy costs from the second half of the year-, but which has not prevented the Group from reaching new all-time highs in revenue, EBITDA and net profit.

Revenue amounted to €969.2 million, up 6.3% year-on-year, EBITDA totalled €246.7 million, up 5.2% compared to the previous year, and net profit stood at €133.0 million, 8.6% higher than the previous year.

These results exceeded the expectations[3] for revenue, EBITDA and net profit announced in February 2021.

The investments in 2021 amounted to €92.0 million, above the €70 million objective, due to the acceleration of projects in the second half of the year. Capacity expansion plans were brought forward, due to the strength of volumes in 2021 and the need to have sufficient capacity to meet the increased demand expected in 2022. Within the investments made are the new fibrous capacity installed at Cáseda, the extension of collagen capacity in China and at European plants, and the technological upgrade investments implemented in North America.

The generation of cash from the operations results in a more solid balance sheet at the end of December 2021 with net bank debt of €1.8 million, down on the €38.2 million at December 2020.

The Board of Directors has approved the proposal of a final dividend of €0.43 per share, payable in the month of June, and thus, to continue with a rising remuneration to shareholders. The earnings proposal represents a total remuneration charged to profit for 2021 of €1.84 per share, up 8.2% on the total remuneration for 2020.

Revenue:

[3] Guidance 2021: Growth in income of between 3% and 4%, in EBITDA of between 3% and 5% and in net profit of between 4% and 6%, with an investment of €70 million.

Revenue in 2021 totalled €969.2 million, up 6.3% on 2020, of which +7.2 p.p. relate to like-for-like[4] casings sales, thanks to the growth in volumes and the improvement in the sales prices mix, +0.8 p.p. to higher like-for-like co-generation sales, compared to the decrease of -1.7 p.p. due to the fluctuations in exchange rates. In like-for-like terms, revenue in 2021 rose by 8.0% vs. 2020.

Of the total amount of the 2021 revenue, €925.1 million correspond to casing sales (+5.7% vs. 2020) and €44.1 million to revenue from energy sales (+19.6% vs. 2020), where the increase in electricity prices in the Spanish market has be translated into a higher remuneration of our co-generation sales.

The geographical breakdown[5] of revenue in 2021 was as follows:

- Europe and Asia (57.1% of the total): Revenue amounted to €553.3 million, up by 9.9% on 2020 and by 9.8% on a like-for-like basis, led by the good performance of China and Southeast Asia and the recovery of collagen volumes in Europe.

- North America (29.6% of the total): Revenue amounted to €287.1 million, an increase of 2.7% with respect to 2020 and of 5.5% in like-for-like terms.

- Latin America (13.3% of the total): Revenue amounted to €128.9 million, down 0.4% with respect to 2020, due to the weakness of the Brazilian real. In comparable terms, revenue in the region rose by 6.2% on the previous year thanks, to a large extent, to the strength of revenue in the first half of the year.

Operating expenses

Consumption costs[6] in 2021 rose by 3.9% on 2020 to €283.2 million, reflecting the higher inflation of production inputs, particularly the polyamides and other auxiliary raw materials. Hence, the gross margin[7] in 2021 improved by +0.7 p.p. to 70.8% (70.1% in 2020).

The average accumulated headcount at December 2021 stood at 5,083 people, 2.3% higher than the previous year. The increased workforce is mainly associated with the increase in production capacity, highlighting the expansion of fibrous in Spain, and the expansion in collagen capacity in China and Europe. Also, Viscofan has reorganised production activity in North America, leading to the transfer of the Kentland (USA) and Toronto (Canada) activities to San Luis Potosí (Mexico) and Montgomery (USA).

Thus, personnel costs in 2021 rose by 3.8% on 2020 to €231.3 million.

Other operating expenses in the year stood at €218.5 million, up 14.8% on 2020, driven by energy supply costs (+26.2% on 2020) and transport expenses (+28.6% vs. 2020).

Operating profit

Revenue strength, commercial discipline, operating leverage, and production efficiency obtained in the year situated the EBITDA at an historical high of €246.7 million, up 5.2% on the previous year. In like-for-like terms, EBITDA in 2021 rose by 8.9% on 2020.

The depreciation and amortisation charge in 2021 is €72.3 million, a rise of 1.1% on 2020.

As a result, the Group obtained operating profit of €174.4 million in 2021 (+7.0% on 2020).

Financial position

[4] Like-for-like: Like-for-like growth excludes the impact of the variation in exchange rates in 2021.
[5] Revenue by origin of sales.
[6] Consumption costs = Net purchases +/- Change in inventories of finished and unfinished products.
[7] Gross margin = (Revenue - Consumption costs) / Revenue.

In 2021, the net financial result has been positive with +€2.0 million, compared with a negative financial result of -€3,3 million in 2020.

The Group's financial strength leads to a reduction in finance costs with respect to the previous year, although the main component of the financial result corresponds to the exchange differences which, in 2021, have represented exchange gains of +€2.2 million as compared with exchange losses of -€2.3 million reported in 2020.

Net profit

Cumulative profit before tax at December 2021 amounted to €176.4 million, with a corporate income tax expense of €43.4 million (+16.9% on 2020) placing the cumulative effective tax rate at 24.6% (compared with 23.3% in the same period of the previous year).

The difference between the theoretical tax rate (28%) and the effective tax rate (24.6%) is basically due to the different taxes paid by non-resident subsidiaries in Navarre (Viscofan S.A. tax domicile) which pay tax in all countries in which they operate, applying the corporate (or similar) tax rate in force on profits for the period and tax allowances for investments by various Group subsidiaries.

As a result, the net profit in 2021 reached a new all-time high of €133.0 million, with a growth of 8.6% with respect to 2020.

Investment

In 2021, a total of €92.0 million were invested (€56.9 million in 2020), above the objective of €70 million, due to the acceleration in the last few months of the year of the capacity extension projects to deal with the increase in expected demand and to improve the market service to ensure customer orders. Noteworthy were the investments in new production lines of collagen casing in China and Europe.

Also, in 2021, the new fibrous production lines in Cáseda (Spain) were installed and put into operation. This expansion, which doubles the previous installed capacity at Cáseda, led to an investment of €14 million, including both the machinery, and investments in environment performed in line with the environmental impact reduction objectives established in the Viscofan Group's Sustainability Action Plan. In addition, investments are being made in the technological update in North America.

The breakdown by type of investment in 2021 is as follows:

- 44% of the investment was earmarked for investments in capacity and machinery.
- 18% of the investment was earmarked for process improvements and new technology.
- 18% of the investment was earmarked for improvements in sustainability, including energy equipment and the optimisation of the installations in terms of safety, hygiene, and environment.
- The remaining 20% was spent on ordinary investments.

Thus, at the close of 2021, investment commitments amounted to €43.8 million (€12.9 million at the close of 2020).

Dividends and Shareholder remuneration

The Board of Directors of the Viscofan Group has agreed to propose to the General Shareholders' Meeting a distribution of profit that includes a final dividend of €0.43 per share, to be paid on 2 June 2022.

This will mean total shareholder remuneration out of 2021 profit of €1.84 per share, equivalent to a distribution of 64% of net profit. This can be broken down as follows:

- An interim dividend of €1.40 per share (paid on 22 December 2021).
- A proposed final dividend of €0.43 per share (to be paid on 2 June 2022).
- A bonus of €0.01 per share for attending the General Shareholders' Meeting.

This proposal increases ordinary remuneration by 8.2% as compared to the €1.70 per share approved in the previous year.

Equity

The Group's equity at 2021 year-end amounted to €822.8 million, up 11.8% on the end of the previous year, due to the increased net profit and the decrease in the negative translation differences, originating from the consolidation of the subsidiaries whose currencies have appreciated significantly against the euro in 2021 (mainly China, Brazil and Mexico).

Treasury shares

During 2021, 10,477 treasury shares were given to Viscofan S.A. employees within the framework of the company's variable remuneration plans. Subsequently and also in 2021, the Company acquired 88,000 treasury shares within the framework of the authorisation granted by the General Shareholders' Meeting of 25 May 2018.

Thus, at 31 December 2021, Viscofan, S.A. had 216,995 treasury shares representing 0.47% of the voting rights amounting to €10,473 thousand.

At 31 December 2020, Viscofan, S.A. held a total of 139,442 treasury shares representing 0.30% of its voting rights amounting to €6,031 thousand.

Financial liabilities

Net bank debt at the end of December 2021 stood at €1.8 million, a decrease of 95.4% compared to the €38.2 million at December 2020. The sound results in the year have allowed us to finance the payment of dividends, speed up investment projects, and at the same time to strengthen the balance sheet.

The new accounting standard IFRS 16 entered into force on 1 January 2019 and stated that the most of non-cancellable operating leases should be recorded in the balance sheet as a right-of-use asset and a liability for future payments to be made.

So, the breakdown for net financial debt is as follows:

	`Dec 2021	`Dec 2020	*Change*
Net Bank Debt *	**1,754**	**38,212**	**-95.4%**
Debts related to right-of-use assets	*13,892*	*15,685*	*-11.4%*
*Other net financial liabilities***	*22,806*	*28,549*	*-20.1%*
Net Financial Debt	**38,452**	**82,446**	**-53.4%**

** Other net financial liabilities consisting mainly of loans with an interest rate subsidised by entities like the CDTI and the Ministry of Economy, as well as debt with netted fixed asset providers for other current financial assets.

The net financial debt is the equivalent of 4.7% of the equity, with a leverage level that is sufficient to be able to attend to all Viscofan's liquidity needs.

Outlook for 2022

Despite facing an adverse inflationary context in 2022, Viscofan keeps its growth vocation intact. It faces the year in a position of unique leadership in the industry, with the conviction that it has tools to come out stronger.

Viscofan has started 2022 with intense commercial activity, with the negotiation and implementation of sales price rises to customers, justified by the inflation of operating costs. Also, because we maintain our responsibility to reinforce our service to the market in a context of increased demand for casings and the need to assure our customers´ volumes.

At the factories, operating and investment activities have commenced with impetus, with the installation and start-up of new capacity in light of expected growth, together with the implementation of efficiency improvement projects, highlighting the technological improvement investments in North America, together with cost savings measures, which will make us more solid in a context of the inflation of operating costs.

These initiatives are encompassed within a new Beyond25 Strategic Plan, in which Viscofan wants to explore new growth opportunities that are arising, and which will arise both in the traditional casing business, and in new food, well-being and health businesses.

As such, Viscofan expects to growth in the main financial figures in 2022, in revenue to grow between 8% and 10%, in EBITDA between 4% and 6% and in Net profit by between 5% and 8% supported by an investment of €100 million. Given the current currency situation, Viscofan has considered the average exchange rate of 1.15 US$/€, more favourable than that of the previous year.

Changes in the consolidation scope

In 2021

- With effect on 1 January 2021, the merger by absorption of Viscofan de Mexico Servicios, S.R.L. de C.V. by Viscofan de Mexico, S.R.L. de C.V. took place, both with registered office in San Luis de Potosí (Mexico).
- In June 2021, Viscofan Japan GK in Tokyo (Japan) was formed wholly owned by Viscofan S.A. on a direct basis.
- On 31 December 2021, Viscofan Collagen Canada Inc (with registered office in Markham – Canada) had been liquidated.

In 2020

- Viscofan España S.L.U.: Viscofan España S.L.U. which is wholly owned by Viscofan S.A. on a direct basis, was incorporated on 24 November 2020, the date on which it became part of the Group's consolidation scope.

  The General Shareholders' Meeting, held on 23 April 2021, approved the spin-off by virtue of which Viscofan S.A. transfers with effect from 1 January 2021 the industrial and operational assets in favour of the limited liability company known as Viscofan España S.L.U., with registered office in Tajonar (Navarre), which acquires all the rights and obligations inherent in said activity.

  On 1 October 2021, once the legally envisaged procedures had been complied with, the spin-off of Viscofan S.A.'s business activity to Viscofan España S.L.U. was made effective, in the terms envisaged in the Common Spin-off Project approved by the Board of Directors and the General Shareholders' Meeting.
- Effective from 1 January 2020, Nanopack Technology & Packaging, S.L.U. was merged by absorption into Viscofan S.A, without any impact on the consolidated financial statements.

Covid-19 impact

The propagation of the COVID-19 along 2020 and 2021 has generated an uncertain environment, volatility, and a healthy and economic crisis that has affected to almost every economy in the world. Furthermore, it has had implications in the behaviors and food habits in plenty of countries. In fiscal year 2020, the casing demand had a strong acceleration in the first pandemic months as a consequence of the necessity of supply of essential ingredients of the food industry.

The Viscofan Group is focusing its management of the situation caused by the COVID-19 pandemic on three main areas:

- Guaranteeing the safety and well-being of our workers, with protection protocols that include sanitation measures, social distancing, mandatory use of face masks, cleaning and disinfection work, teleworking and increased communication.

- Ensuring global supply to all our customers by increasing and reinforcing production and logistics activity and building safety inventories.

- Contributing to limiting the spread of COVID-19 and its effects, with donations of protective gear, food, and for the purchase of medical equipment. Also, the deployment of awareness-raising campaigns.

Regarding liquidity, no liquidity stress is anticipated for 2022 because of the expected performance of the Group, which contemplates a positive generation of cash during 2022. For those bank borrowings where compliance with certain ratios is established, there have not been, nor are they expected to be, any breaches of these ratios in 2022.

No significant signs of impairment have been identified from the analysis of the fixed assets, intangible assets, property plant and equipment, receivables, or inventory.

As a result of the market growth and the measures implemented to mitigate and control risk, the COVID-19 pandemic has not resulted in any changes to the strategic direction, operations, financial results, economic situation, and cash flows.

4. Alternative Performance Measures

The Viscofan Group has included in this report various Alternative Performance Measures (hereinafter APMs), as established in APM Guidelines published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es) and adopted by the National Securities Market Commission (the CNMV).

This involves a series of measures designed using the financial information of Viscofan, S.A., and its subsidiary companies, and they are complementary to the financial information drawn up in agreement with International Financial Reporting Standards (IFRS). Under no circumstance should they be assessed separately or considered a substitute.

They are measures used internally in decision making processes and which the Board of Directors decides to report externally as it considers they provide additional information that is useful in the analysis and assessment of the Viscofan Group's results and its financial situation.

The APMs included in this report are as follows:

- The EBITDA, or operating profit before depreciation and amortization, is calculated excluding depreciation and amortization costs from the operating profit. The EBITDA is a measure that is commonly reported and widespread among analysts, investors, and other stakeholders in the casing industry. The Viscofan Group uses this measure to monitor the business' development and to establish operational and strategic objectives in Group companies. However, it is not a defined indicator in IFRS and, therefore, it may not be compared with other similar indicators employed by other companies in their reports.

- Cost of consumption: This is calculated as the net amount of supplies plus the change in finished and unfinished products. Management monitors cost of consumption as one of the main cost components for Viscofan. The weight of net revenue for this cost component on revenue or gross margin is also analyzed to study the operating margin's development. However, it is not a defined indicator in IFRS, and cost of consumption must not be considered a substitute for the different items in the profit and loss account that comprise them. Furthermore, it may not be compared with other similar indicators employed by other companies in their reports.

- Net bank debt: This is calculated as non-current borrowings plus current borrowings netted from cash and cash equivalents. Management considers net bank debt to be relevant to shareholders and other stakeholders as it provides an analysis of the Group's solvency. However, net bank debt should not be considered a substitute for gross bank debt in the consolidated balance sheet, nor other liability or asset items that may affect the Group's solvency.

- Like-for-like revenue and EBITDA: This measure excludes the impact of exchange rate variations on the comparable previous period and the non-recurring impacts of the business in order to present a homogeneous comparison of the Viscofan Group's development. However, like-for-like revenue and EBITDA are not defined indicators in IFRS and, therefore, they may not be compared with other similar indicators employed by other companies in their reports, nor may they be considered a substitute for the business development indicators defined in IFRS.

5. Global Reporting Initiative content index (GRI)

GRI 102: General Disclosures

GRI Standard	Content	Section-Comments	Omission
1. Profile of the organisation (2016)			
102-1	Name of the organisation	Viscofan Group	
102-2	Activities, brands, products and services	Our business model: Competitive advantages	
		Commercial and supply management: Product range	
102-3	Location of the headquarters	Berroa Industrial Park C/Berroa, 15 – 4ª planta 31192 Tajonar (Navarre) - Spain	
102-4	Location of the operations	Our business model: Competitive advantages	
102-5	Property and legal status	Corporate Governance: Governing Bodies	
102-6	Markets served	Our business model	
102-7	Size of the organisation	2021 results	
102-8	Information about employees and other workers	Employment management	
102-9	Supply chain	Commercial and supply management	
102-10	Significant changes in the organisation and its supply chain	Letter from the Chairman	
		Foundation	
		2021 results	
102-11	Precautionary principle or approach	Commercial and supply management: Product safety and food hygiene Environmental management and climate change: Management approach	
102-12	External initiatives	Letter from the Chairman	
		Foundation	
		Corporate Governance: Good Governance practices	
102-13	Affiliation to associations	Human rights and impact on society: Alliances	
2. Strategy (2016)			
102-14	Statement of senior management responsible for decision-making	Letter from the Chairman	
102-15	Key impacts, risks and opportunities	Risk management	
3. Ethics and integrity (2016)			
102-16	Values, principles, standards and rules of conduct	Our business model: Mission, vision and values	
		Corporate Governance: Good Governance Practices; Regulatory compliance system and Corruption and fraud prevention	
		Human rights and impact on society: Our main lines of action and Supervision of compliance	
102-17	Mechanisms of advice and ethical concerns	Corporate Governance: Regulatory compliance system	
		Human rights and impact on society: Supervising compliance	
4. Governance (2016)			
102-18	Governance structure	Corporate Governance: Governing bodies and Risk management	
102-19	Delegation of authority	Corporate Governance: Governing Bodies	

102-20	Executive responsibility regarding financial, environmental and social issues	Our business model: More To Be strategy
		Corporate Governance: Governing bodies; Corruption and fraud prevention and Risk management
		Environmental management and climate change: Management approach
		Human rights and impact on society: Supervising compliance
102-21	Consultation with stakeholders regarding financial, environmental and social issues	Foundation: Materiality
102-22	Composition of the senior governance body and its committees	Corporate Governance: Governing Bodies
120-23	Chairman of the senior governance body and its committees	Corporate Governance: Governing Bodies
120-24	Appointment and selection of the senior governance body	Corporate Governance: Governing Bodies
102-25	Conflicts of interest	Corporate Governance: Corruption and fraud prevention
102-26	Function of the senior governance body in the selection of objectives, values and strategy	Our business model: More To Be strategy
		Corporate Governance
102-27	Collective knowledge of the senior governance body	Corporate Governance: Governing Bodies
102-28	Performance assessment of the senior governance body	Corporate Governance: Governing Bodies
102-29	Identification and management of economic, environmental and social impacts	Foundation: Materiality
		Corporate Governance: Good Governance Practices; Governing Bodies, Regulatory compliance system, Corruption and fraud prevention and Risk management
		Environmental management and climate change: Management approach
		Human rights and impact on society: Supervising compliance
102-30	Efficacy of the risk management processes	Corporate Governance: Risk management
102-31	Assessment of financial, environmental and social issues	Corporate Governance: Governing Bodies
102-32	Function of the senior governance body in the preparation of sustainability reports	Corporate Governance: Good Governance Practices and Governing Bodies. *Viscofan's Board of Directors is the top body in charge of the Non-Financial Information Report*
102-33	Communication of critical concerns	Foundation: Relations with our stakeholders
		Corporate Governance: Regulatory compliance system
		Human rights and impact on society: Supervising compliance
		Viscofan on the stock market: Viscofan, its shareholders and investors
102-34	Nature and total number of critical concerns	Corporate Governance: Regulatory compliance system
102-35	Remuneration policies	The Board of Directors annual remuneration report is available at www.viscofan.com
102-36	Process for determining the remuneration	Corporate Governance: Governing Bodies
102-37	Involvement of stakeholders in the remuneration	The Board of Directors' annual remuneration report is available at www.viscofan.com
5. Participation of stakeholders (2016)		
102-40	List of stakeholders	Foundation: Relations with our stakeholders
102-41	Collective bargaining agreements	Employment management: Employment and remuneration

		Human rights and impact on society: Procedural axis
102-42	Identification and selection of stakeholders	Foundation: Relations with our stakeholders
102-43	Approach for the participation of stakeholders	Foundation: Relations with our stakeholders
102-44	Key issues and concerns mentioned	Foundation
6. Practices for preparing reports (2016)		
102-45	Entities included in the consolidated financial statement	Consolidated financial statement of the Viscofan Group. Note 2
102-46	Definition of the contents of the reports and the coverage of the issue	Foundation
102-47	List of material issues	Foundation: Materiality
102-48	Re-expression of the information	No significant re-expressions in the period
102-49	Changes in the preparation of reports	Foundation
102-50	Period covered by the report	The integrated annual report reflects the financial, social and environmental activity carried out by the Viscofan Group in 2021.
102-51	Date of last report	2020 Annual Integrated Report, Financial Statement and Annual Accounts
102-52	Cycle of the preparation of reports	Annual
102-53	Point of contact for report-related queries	Investor Relations and Communication Department. Info-inv@viscofan.com +34 948198436
102-54	Declaration of preparation of the report in accordance with GRI standards	Foundation
102-55	GRI content index	Table of GRI indicators
102-56	External verification	

GRI 103: Management approach		
GRI. 103: Management approach (2016)		
103-1	Explanation of the material issue and its coverage	Foundation: Materiality
103-2	The management approach and its components	Foundation
		See sections: Corporate Governance; Commercial and supply management; Employment management; Environmental management and climate change; Human rights and impact on society; Viscofan on the stock market.
		The policies of the different areas are detailed in the Regulatory Compliance System, within the Corporate Governance section.
103-3	Evaluation of the management approach	Foundation

GRI 200: Economic		
GRI 201: Financial performance (2016)		
201-1	Direct generated and distributed financial value	Foundation: Generated and distributed value matrix:
		Commercial and supply management
		Employment management
		Environmental management and climate change
		Human rights and impact on society
		Viscofan on the stock market

201-3	Obligations of the benefits plan and other retirement plans	Employment and remuneration
201-4	Financial aid received from the government	Human rights and impact on society: Responsible taxation
GRI 202: Presence in the market (2016)		
202-1	Ratio of standard initial category salary by gender compared to the local minimum wage	Human rights and impact on society: Our main lines of action in human rights
202-2	Proportion of senior management hired from the local community	Employment management: Human team
GRI 203: Indirect economic impacts (2016)		
203-1	Investments in infrastructure and supported services	Letter from the Chairman Employment management: Occupational safety Environmental management and climate change
203-2	Significant indirect economic impacts	2021 results
GRI 204: Purchase practices (2016)		
204-1	Proportion of expense with local suppliers.	Commercial and supply management: Selection of suppliers
GRI 205: Anti-corruption (2016)		
205-1	Transactions assessed for corruption-related risks	Corporate Governance: Corruption and fraud prevention
205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance: Regulatory compliance system; Corruption and fraud prevention Employment management: Professional development Human rights and impact on society: Supervising compliance
205-3	Confirmed cases of corruption and measures taken	Corporate Governance: Corruption and fraud prevention
GRI 206: Unfair competition (2016)		
206-1	Legal actions related to unfair competition, monopolistic practices and against free competition	Corporate Governance: Corruption and fraud prevention
GRI 207: Taxation (2019)		
207-1	Tax focus	Corporate Governance
207-2	Tax governance, Risk control and management	Corporate Governance
207-4	Presentation of reports country by country	Human rights and impact on society: Responsible taxation

GRI 300: ENVIRONMENTAL		
GRI 302: Energy (2016)		
302-1	Energy consumption within the organisation	Environmental management and climate change: Responsible energy management
302-3	Energy intensity	Environmental management and climate change: Responsible energy management
302-4	Reduction of energy consumption	Environmental management and climate change: Responsible energy management
GRI 303: Water and effluents (2018)		
303-1	Interaction with water as a shared resource	Environmental management and climate change: Responsible management of the end-to-end water cycle
303-3	Water extraction	Environmental management and climate change: Responsible management of the end-to-end water cycle

303-4	Water discharges	Environmental management and climate change: Responsible management of the end-to-end water cycle
303-5	Water consumption	Environmental management and climate change: Responsible management of the end-to-end water cycle
GRI 305: Emissions (2016)		
305-1	Direct emissions of GHG (scope 1)	Environmental management and climate change: Responsible energy management
305-2	Indirect emissions of GHG from generating energy (scope 2)	Environmental management and climate change: Responsible energy management
305-4	Intensity of GHG emissions	Environmental management and climate change: Responsible energy management
305-5	Reduction of GHG emissions	Environmental management and climate change: Responsible energy management
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	Environmental management and climate change: Responsible energy management
GRI 306: Waste (2020)		
306-1	Waste generation and significant impacts related to waste	Environmental management and climate change: Responsible management of the end-to-end water cycle
306-2	Management of significant impacts related to waste	Environmental management and climate change: Responsible management of the use of raw materials and minimisation of waste. Circular economy
306-3	Waste generated	Environmental management and climate change: Responsible management of the use of raw materials and minimisation of waste. Circular economy
306-4	Waste not destined for disposal	Environmental management and climate change: Responsible management of the use of raw materials and minimisation of waste. Circular economy
306-5	Waste destined for disposal	Environmental management and climate change: Responsible management of the use of raw materials and minimisation of waste. Circular economy
GRI 307: Environmental compliance (2016)		
307-1	Non-compliance with environmental legislation and regulations	Environmental management and climate change In Brazil, an environmental administrative file was under way in 2010, for which no decision had been handed down, although at 2021 year-end, it is considered that a favourable resolution is possible.
GRI 308: Environmental evaluation of suppliers (2016)		
308-1	New suppliers that have passed screening filters according to environmental criteria	Commercial and supply management: Range of products and Selection of suppliers
		Environmental management and climate change: Responsible management of the use of raw materials and minimisation of waste. Circular economy
GRI 400: SOCIAL		
GRI 401: Employment (2016)		
401-1	New employee hiring and staff rotation	Employment management: Employment and remuneration
GRI 402: Worker-company relations (2016)		
402-1	Minimum warning periods for operational changes	Human rights and impact on society: Our main lines of action in human rights
GRI 403: Health and safety in the workplace (2018)		

403-1	Occupational health and safety management system	Employment management: Occupational safety
403-2	Hazard identification, risk assessment and incident investigation	Employment management: Occupational safety
403-4	Participation of workers, queries and notifications on health and safety in the workplace	Employment management: Occupational safety
403-5	Worker training on occupational health and safety	Employment management: Occupational safety
403-8	Workers covered by an occupational health and safety management system	Employment management: Occupational safety
403-9	Work-related injuries	Employment management: Occupational safety
403-10	Professional diseases and illnesses	Employment management: Occupational safety
GRI 404: Training and teaching (2016)		
404-1	Average number of training hours per employee	Employment management: Professional development
404-2	Programmes to improve employee skills and transition assistance programmes	Employment management: Professional development
404-3	Percentage of employees who receive periodic performance and professional development assessments	Employment management: Professional development
GRI 405: Diversity and equal opportunities (2016)		
405-1	Diversity in governing bodies and employees	Governing Bodies Employment management: Equality and work-life balance
405-2	Ratio of base salary and remuneration of women to men	Employment management: Employment and remuneration
GRI 406: Non-Discrimination (2016)		
406-1	Cases of discrimination and corrective actions undertaken	Human rights and impact on society: Supervising compliance
GRI 407: Freedom of association and collective bargaining (2016)		
407-1	Operations and suppliers whose right to freedom of association and collective bargaining could be at risk	Human rights and impact on society: Our main lines of action in human rights Commercial and supply management: Selection of suppliers
GRI 408: Child labour (2016)		

408-1	Operations and suppliers with significant risk of cases of child labour	Human rights and impact on society: Our main lines of action in human rights Commercial and supply management: Selection of suppliers
GRI 409: Forced or compulsory labour (2016)		
409-1	Operations and suppliers with significant risk of cases of forced or compulsory labour	Human rights and impact on society: Our main lines of action in human rights Commercial and supply management: Selection of suppliers
GRI 412: Assessment of human rights (2016)		
412-2	Training of employees in human rights policies or procedures	Employment management: Professional development Human rights and impact on society: Supervising compliance
GRI 413: Local communities (2016)		
413-1	Operations with local community participation, impact assessments and development programmes	Human rights and impact on society: Commitment to our communities Environmental management and climate change
GRI 414: Social assessment of suppliers (2016)		
414-1	New suppliers that have passed screening filters according to social criteria	Commercial and supply management: Selection of suppliers Human rights and impact on society: Our main lines of action in human rights
GRI 416: Health and safety of customers (2016)		
416-1	Assessment of the health and safety impacts of the categories of products or services	Commercial and supply management: Product safety and food hygiene
GRI 417: Marketing and labelling (2016)		
417-1	Requirements for information and labelling of products and services	Commercial and supply management: Customer satisfaction
GRI 418: Customer privacy (2016)		
418-1	Complaints based on violations of the customer's privacy and loss of the customer's data	Commercial and supply management: Customer satisfaction

6. Content index of Law 11/2018 on Non-financial and diversity reporting

Contents of Law 11/2018 on Non-financial and diversity reporting			Standard used
Business Model	Description of the group's business model	Brief description of the Group's business model, which will include its business environment, organisation and structure, the markets in which it operates, its objectives and strategies and the main factors and tendencies that may affect its future performance.	GRI 102-2 Activities, brands, products and services
			GRI 102-4 Localisation of the activities
			GRI 102-6 Markets served
			GRI 102-15 Key impacts, risks and opportunities
			GRI 102-7 Size of the organisation
Information on environmental issues	Policies	Policies that apply to the Group, which include the due diligence procedures applied in the identification, assessment, prevention and reduction of significant risks and impacts, and of verification and control, together with the measures that have been adopted.	GRI103-2 The management approach and its components
			GRI 103-3 Evaluation of the management approach
	Key risks	Main risks related with these matters linked to Group activities, among them, when they are pertinent and proportioned, their commercial relations, products or services that may have negative effects on these areas, and on how the Group manages these risks, explaining the procedures used to detect and assess them, in accordance with the benchmark national, European or international frameworks for each area. Information must be included on the impacts detected, offering a breakdown of them, in particular, on the main short-, medium- and long-term risks.	GRI 102-15 Key impacts, risks and opportunities
			GRI 102-11 Precautionary principle or approach
			GRI 102-30 Efficacy of the risk management processes
	General	Current and foreseeable effects of company activities on environment issues and, where appropriate, health and safety,	GRI 102-15 Key impacts, risks and opportunities
			GRI 102-29 Identifying and managing economic, environmental and social impacts
			GRI 102-31 Review of economic, environmental and social topics
		· Environmental assessment or certification procedures	GRI 102-11 Precautionary principle or approach
			GRI 102-29 Identifying and managing economic, environmental and social impacts
			GRI 102-30 Efficacy of the risk management processes
		· Resources aimed at preventing environmental risks	GRI 102-29 Identifying and managing economic, environmental and social impacts
		Application of precautionary principle	GRI 102-11 Precautionary principle or approach

		Provisions and guarantees for environmental risks	GRI 307-1 Non-compliance with environmental laws and regulations (Autonomous Communities)
	Contamination	Measures to prevent, reduce or repair the carbon emissions that seriously affect the environment, taking into account any form of specific atmospheric pollution from an activity, including noise and light pollution	GRI 103-2 Management Approach (with a view to GRI 302 and 305)
			GRI 302-4 Reduction of energy consumption
			GRI 305-5 Reduction of GHG emissions
			GRI 305-7 NOx, SOx and other significant atmospheric emissions
	Circular Economy and prevention and waste management	Measures of prevention, recycling, reuse and other forms of recovery and elimination of waste. Action to combat food waste	GRI 103-2 Management Approach GRI 303 Water and effluents GRI 306-1 Waste generation and significant impacts related to waste GRI 306-2 Management of significant impacts related to waste
	Sustainable use of resources	Water consumption and water supply in accordance with local limitations	GRI 303-1 Interactions with water as a shared resource
			GRI 303-3 Water withdrawal
			GRI 303-5 Water consumption
		Consumption of raw materials and the measures adopted to improve efficiency of use	Confidential
		Energy: Direct and indirect consumption; Measures taken to improve energy efficiency. Use of renewable energy	GRI 103-2 Management approach (Energy)
			GRI 302-1 Energy consumption within the organisation
			GRI 302-3 Energy intensity
			GRI 302-4 Reduction of energy consumption
	Climate Change	Greenhouse gas emissions	GRI 305-1 Direct (scope 1) GHG emissions
			GRI 305-2 Energy indirect (Scope 2) GHG emissions
			GRI 305-4 GHG emissions intensity
		The measures adopted to adapt to the consequences of climate change	GRI 102-15 Key impacts, risks and opportunities
			GRI103-2 The management approach and its components
			GRI 305-5 Reduction of GHG emissions
		Reduction goals established voluntarily at medium and long term to reduce GHG emissions and means implemented for this purpose.	GRI 103-2 Management Approach (Reduction of GHG emissions)

	Protection of biodiversity	Measures taken to preserve or restore biodiversity	Non material
		Impacts caused by activities or operations in protected areas	Non material
Information on social and staff-related issues	Policies	Policies that apply to the Group, which include the due diligence procedures applied in the identification, assessment, prevention and reduction of significant risks and impacts, and of verification and control, together with the measures that have been adopted.	GRI103-2 The management approach and its components
			GRI 103-3 Evaluation of the management approach
			GRI 102-35 Remuneration policies
	Key risks	Main risks related with these matters linked to Group activities, among them, when they are pertinent and proportioned, their commercial relations, products or services that may have negative effects on these areas, and on how the Group manages these risks, explaining the procedures used to detect and assess them, in accordance with the benchmark national, European or international frameworks for each area. Information must be included on the impacts detected, offering a breakdown of them, in particular, on the main short-, medium- and long-term risks.	GRI 102-15 Key impacts, risks and opportunities
			GRI 102-30 Efficacy of the risk management processes
	Employment	Total number and distribution of employees by gender, age, country and professional classification	GRI 102-7 Size of the organisation
			GRI 102-8 Information on employees and other workers
			GRI 405-1. b) The percentage of employees by employment category for each of the following diversity categories: gender and age group
		Total number and distribution of employment contract types	GRI 102-8 Information on employees and other workers
		Annual average of permanent, temporary and part-time contracts by gender, age and professional classification	GRI 102-8 Information on employees and other workers
		Number of dismissals by gender, age and professional classification	GRI 401-1.b) Total number and turnover rate of personnel during the reporting period, by age group, gender and region (in relation to dismissals)
		Average remuneration and its tendency broken down by gender, age and professional classification or equal value	GRI 405-2: Ratio of base salary and remuneration of women to men for each job category
		Salary gap	GRI 405-2: Ratio of base salary and remuneration of women to men for each job category.

		Remuneration of equal or average work posts of the company	GRI 405-2 Ratios of standard entry level wage by gender compared to local minimum wage
		The average remuneration of directors and executives, including variable remuneration, attendance fees, indemnity payments, payments to long-term savings insurance schemes and any other benefit broken down by gender	GRI 102-35 Remuneration policies
			GRI 102-36 Process for determining remuneration (for the management approach)
			GRI 201-3 Obligations derived from social benefit plans and other retirement plans
		Implementation of employment disconnection measures	GRI 103-2 Management Approach (work disconnection)
		Disabled employees	GRI 405-1. b) Percentage of employees by employment category for each of the following diversity categories (iii. Vulnerable groups).
	Work organisation	Organisation of working time	GRI 102-8. c) The total number of employees by type of employment contract (full-time or part-time) and by gender.
			GRI 103-2 Management Approach (Organisation of work)
		Number of hours of absenteeism	GRI 403-2 Types of accidents and ratios of occupational accidents, occupational diseases, lost days, and absenteeism, and number of related deaths (section a)
		Measures aimed at facilitating a work-life balance and promoting co-responsible care by both parents.	GRI 103-2 Management approach
	Health and safety	Occupational health and safety conditions	GRI 103-2 Management Approach (Health and Safety) GRI 403-1 Occupational health and safety management system GRI 403-2 GRI 403-2 Hazard identification, risk assessment, and incident investigation GRI 403-5 Worker training on occupational health and safety
		Occupational accidents (frequency and seriousness) broken down by gender	GRI 403-9 a) Work-related injuries
		Occupational accidents (frequency and seriousness) broken down by gender	GRI 403-10 a) Work-related ill health
	Social Relations	Organisation of social dialogue, including the procedures to inform on and consult employees and negotiate with them	GRI 102-43 Approach for the participation of stakeholders (regarding unions and collective bargaining)
			GRI 402-1 Minimum notice periods regarding operational changes GRI 403-4 Participation of workers, consultations and communication on health and safety at work
		Percentage of employees covered by a collective bargaining agreement by country	GRI 102-41 Collective bargaining agreements
		Balance of collective bargaining agreements, especially in the area of occupational health and safety	GRI 403-8 Occupational health and safety management system coverage

	Training	Policies implemented in the training area	GRI 103-2 Management Approach (Training and Teaching)
		Total number of training hours by professional category	GRI 404-1 Average training hours per employee per year
	Accessibility	Universal accessibility of the disabled	GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)
	Equality	Measures adopted to promote equal treatment and opportunities between men and women	GRI 103-2 Management Approach (Diversity and equal opportunities)
		Equality plans	GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)
		Measures adopted to promote employment	GRI 103-2 Management approach (Employment)
		Protocols to counter sexual harassment due to gender	GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)
		Universal integration and accessibility of the disabled	GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)
		Policy against all type of discrimination and, where appropriate, to manage diversity	GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)
			GRI 406-1 Incidents of discrimination and corrective actions taken
Information on respect for human rights	Policies	Policies that apply to the Group, which include the due diligence procedures applied in the identification, assessment, prevention and reduction of significant risks and impacts, and of verification and control, together with the measures that have been adopted.	GRI103-2 The management approach and its components
			GRI 103-3 Evaluation of the management approach
			GRI 412-2 Employee training on human rights policies or procedures
	Key risks	Main risks related with these matters linked to Group activities, among them, when they are pertinent and proportioned, their commercial relations, products or services that may have negative effects on these areas, and on how the Group manages these risks, explaining the procedures used to detect and assess them, in accordance with the benchmark national, European or international frameworks for each area. Information must be included on the impacts detected, offering a breakdown of them, in particular, on the main short-, medium- and long-term risks.	GRI 102-15 Key impacts, risks and opportunities
			GRI 102-30 Efficacy of the risk management processes
	Human Rights	Application of due diligence procedures to human rights	GRI 103-2 Management Approach (Assessment of Human Rights)
		Prevention of the risks of breaching human rights and, where appropriate, measures to reduce, manage and repair possible abuse committed	GRI 103-2 Management Approach (Assessment of Human Rights)
			GRI 412-1 Operations that have been subject to human rights reviews or impact assessments
		Complaints regarding human rights breaches	GRI 102-17 Mechanisms for advice and concerns about ethics

			GRI 103-2 Management Approach (Assessment of Human Rights)
			GRI 102-17 Mechanisms of advice and ethical concerns (complaints received and resolution
			GRI 419-1 Non-compliance with laws and regulations in the social and economic fields
		Promotion of and compliance with the provisions of the ILO's fundamental agreements related with respect for freedom of association and the right to collective bargaining, the elimination of employment discrimination and occupation, the elimination of forced and obligatory labour and the effective abolition of child labour	GRI 103-2 Management Approach (Non-discrimination, Freedom of association and collective bargaining, Child Labour, Forced or compulsory labour and Human Rights)
Information related to the fight against corruption and bribery	Policies	Policies that apply to the Group, which include the due diligence procedures applied in the identification, assessment, prevention and reduction of significant risks and impacts, and of verification and control, together with the measures that have been adopted.	GRI103-2 The management approach and its components
			GRI 103-3 Evaluation of the management approach
			GRI 205-2 Communication and training about anti-corruption policies and procedures
	Key risks	Main risks related with these matters linked to Group activities, among them, when they are pertinent and proportioned, their commercial relations, products or services that may have negative effects on these areas, and on how the Group manages these risks, explaining the procedures used to detect and assess them, in accordance with the benchmark national, European or international frameworks for each area. Information must be included on the impacts detected, offering a breakdown of them, in particular, on the main short-, medium- and long-term risks.	GRI 102-15 Key impacts, risks and opportunities
			GRI 102-30 Efficacy of the risk management processes
			GRI 205-1 Transactions assessed in relation to corruption-related risks
	Corruption and bribery	Measures adopted to prevent corruption and bribery	GRI 103-2 Management Approach (with a view to GRI 205 Anti-corruption) - Presenting indicator 205-2 also covers this requirement of law
		Measures to combat money laundering	GRI 103-2 Management Approach (Anti-corruption)
		Contributions to foundations and non-profit organisations	GRI 103-2 Management Approach (Anti-corruption)
			GRI 201-1 Direct economic value generated and distributed (Investments in the Community)
			GRI 203-2 Significant indirect economic impacts
Company information	Policies	Policies that apply to the Group, which include the due diligence procedures applied in the identification, assessment, prevention and reduction of significant risks and impacts, and of verification and control, together with the measures that have been adopted.	GRI103-2 The management approach and its components
			GRI 103-3 Evaluation of the management approach

	Key risks	Main risks related with these matters linked to Group activities, among them, when they are pertinent and proportioned, their commercial relations, products or services that may have negative effects on these areas, and on how the Group manages these risks, explaining the procedures used to detect and assess them, in accordance with the benchmark national, European or international frameworks for each area. Information must be included on the impacts detected, offering a breakdown of them, in particular, on the main short-, medium- and long-term risks.	GRI 102-15 Key impacts, risks and opportunities
			GRI 102-30 Efficacy of the risk management processes
	Commitment of the company to sustainable development	Impact of the company's activity on employment and local development	GRI 203-2 Significant indirect economic impacts
			GRI 204-1 Proportion of spending on local suppliers.
			GRI 413-1 Operations with local community engagement, impact assessments and development programmes
		Impact of the company's activity on local towns and on territory	GRI 203-2 Significant indirect economic impacts
			GRI 413-1 Operations with local community engagement, impact assessments and development programmes
		Relationships with local community players and dialogue systems with them	GRI 102-43 Approach for the participation of stakeholders (regarding the community)
			GRI 413-1 Operations with local community engagement, impact assessments and development programmes
		Association or sponsorship actions	GRI 102-13 Membership of associations
			GRI 201-1 Direct economic value generated and distributed (Investments in the Community)
	Outsourcing and suppliers	Inclusion in the purchasing policy of social, gender equality and environmental issues	GRI 103-3 Management Approach (Environmental and social assessment of suppliers)
		Consideration in relationships with suppliers and subcontractors in their social and environmental responsibility	GRI 102-9 Supply chain
			GRI 103-3 Management Approach (Environmental and social assessment of suppliers)
			GRI 308-1 New suppliers that have passed assessment and screening filters according to environmental criteria
			GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
			GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour

			GRI 414-1 New suppliers that were screened using social criteria
		Supervision and audit systems and their outcome	GRI308-1 New suppliers that have been assessed according to environmental criteria
	Consumers	Measures for the health and safety of consumers	GRI 103-2 Management Approach (Health and Safety of Customers)
			GRI 416-1 Assessment of the health and safety impacts of products or service categories
			GRI 417-1 Requirements for product and service information and labelling
		Systems to process claims, complaints received and their resolution	GRI 102-17 Mechanisms of advice and ethical concerns (complaints received and resolution
			GRI 103-2 Management Approach (Health and Safety of Customers)
			GRI 418-1 Substantial complaints related to gaps in customer privacy and loss of customer data.
	Tax information	Profits obtained by country	GRI 207-4 Country-by-country reporting
		Income tax paid	GRI 207-4 Country-by-country reporting
		Public grants received	GRI 201-4 Financial assistance received from government

Scope	Reporting framework
Taxonomy	Rule EU 2020/852