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State Report of non financial information

31 December 2022



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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 2022

28 de febrero de 2023

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INFORME DE VERIFICACIÓN INDEPENDIENTE DEL ESTADO DE INFORMACIÓN NO FINANCIERA (CONSOLIDADO) DE VISCOFAN (Y SOCIEDADES DEPENDIENTES) DEL EJERCICIO 2022

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 2022.

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 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 las "Tablas de indicadores de taxonomía ambiental" del capítulo 2.6.1 del EINF, la tabla "Índice de Contenidos Global Reporting Initiative GRI" del capítulo 2.6.2 del EINF y la tabla "Índice de contenidos de la Ley 11/2018 de Información No Financiera y de diversidad" del capítulo 2.6.3 del EINF incluidas en el Informe de Gestión Consolidado adjunto.

Responsabilidad de los Administradores

La formulación del EINF incluido en el Informe de Gestión de Viscofan, así como el contenido del mismo, es responsabilidad de los Administradores 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 criterios de los Sustainability Reporting Standards de Global Reporting Initiative (estándares GRI) seleccionados, así como aquellos otros criterios descritos de acuerdo a lo mencionado para cada materia en la tabla 2.6.1 "Índice de contenidos Global Reporting Initiative (GRI)", 2.6.2 "Tablas de indicadores de taxonomía ambiental" y la tabla 2.6.3. "Índice de contenidos de la Ley 11/2018 de Información No Financiera y de diversidad".

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.

Nuestra independencia y gestión de la calidad

Hemos cumplido con los requerimientos de independencia y demás requerimientos de ética del Código Internacional de Ética para Profesionales de la Contabilidad (incluyendo las normas internacionales sobre independencia) 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 y diligencia profesionales, confidencialidad y comportamiento profesional.

Nuestra firma aplica las normas internacionales de calidad vigentes y mantiene, en consecuencia, un sistema de calidad que incluye políticas y procedimientos 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 acuerdo con los requisitos establecidos en la *International Standard on Assurance Engagement 3000* (ISAE-3000), 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 seguridad limitada, los procedimientos llevados a cabo varían en su naturaleza y momento de realización, 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 de la entidad 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 2022 en función del análisis de materialidad realizado por el Grupo y descrito en el apartado 2.1.1 del EINF "Fundamentos", considerando contenidos requeridos en la normativa mercantil en vigor.

- Análisis de los procesos para recopilar y validar los datos presentados en el EINF del ejercicio 2022.
- Revisión de la información relativa a los riesgos, las políticas y los enfoques de gestión aplicados en relación a los aspectos materiales presentados en el EINF del ejercicio 2022.
- Comprobación, mediante pruebas, en base a la selección de una muestra, de la información relativa a los contenidos incluidos en el EINF del ejercicio 2022 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 el EINF de Viscofan correspondiente al ejercicio anual finalizado el 31 de diciembre de 2022 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 las tablas contenidas en los capítulos 2.6.1 "Tablas de indicadores de taxonomía ambiental", 2.6.2 "Índice de contenidos Global Reporting Iniciative (GRI)" y 2.6.3 "Índice de contenidos de la ley 11/2018 de Información No Financiera y de diversidad" del citado Informe.

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 alineadas en relación con los objetivos de mitigación del cambio climático y adaptación al cambio climático por primera vez para el ejercicio 2022, adicional a la información referida a actividades elegibles exigida en el ejercicio 2021. En consecuencia, en el EINF adjunto no se ha incluido información comparativa sobre alineamiento. Por otra parte, en la medida en la que la información referida a actividades elegibles en el ejercicio 2021 no se requería con el mismo nivel de detalle que en el ejercicio 2022, en el EINF adjunto la información desglosada en materia de elegibilidad tampoco es estrictamente comparable. Adicionalmente, cabe señalar que los administradores de Viscofan, S.A. han incorporado información sobre los criterios que, en su opinión, mejor permiten dar cumplimiento a las citadas obligaciones y que están definidos en el apartado "2.6.3. Taxonomía europea de las actividades económicas ambientalmente sostenibles" 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

28 de febrero de 2023



Statement of Non-Financial Information

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

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2. Statement of Non-Financial Information (Sustainability Report)

2.1. General information

2.1.1. Foundation

The Non-Financial Information Statement (Sustainability Report) aims to identify risks to improve sustainability and increase the confidence of investors, consumers and society in general, as well as to contribute to measure, monitor and manage the performance and impact on society of the Viscofan Group (hereinafter referred to as “Viscofan Group” or “Viscofan”); Viscofan S.A., parent company of the Viscofan Group, (hereinafter referred to as the “Company”) and subsidiaries, providing relevant information that may substantially influence the decision making of stakeholders.

This non-financial statement covers the period from 1 January to 31 December 2022 for the financial year of the Viscofan Group.

The scope of this report covers the series of companies that form part of the Viscofan Group at 31 December 2022, detailed in note 2 to the annual consolidated financial statements.

This report was drawn up by the Board of Directors of Viscofan S.A. on 28 February 2023.

This document was prepared pursuant to Law 11/2018, of 28 December, on non-financial and diversity information. Furthermore, Viscofan has prepared this report based on the Global Reporting Initiative (GRI) standards for the aforementioned period.

Alongside this, the United Nations Global Compact, of which Viscofan is a 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.

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 opportunities, and the Carbon Disclosure Project questionnaire, which includes the TCFD recommendations.

In addition, the Environmental Pillar section of this report complies with the reporting obligations laid down by Article 8 of the European Union Regulation 852/2020 on the establishment of a framework to facilitate sustainable investments, developed by the Delegated Regulation 2139/2021, which determines the eligible activities with respect to climate change mitigation and adaptation objectives, and in accordance with the Delegated Regulation 2178/2021 which develops the reporting methodology.

This report details and explains the relevant aspects identified in the materiality analysis based on the new Viscofan Group strategy called Beyond25 and the new Sustainability Action Plan for the 2022-2025 period, and with a longer time horizon based on the 2030 commitments related to the United Nations Sustainable Development Goals, and on the goals set out in the European Green Pact to overcome the challenges of climate change and environmental degradation which, among others, seeks to achieve climate neutrality in the European Union by 2050.

In accordance with requirement 7 of GRI Standard 1-Foundation 2021, this report includes a GRI Content Index as a navigation tool in the Annex to the Non-Financial Reporting Statement, item 2.6.2 Global Reporting Initiative (GRI) Content Index.

Furthermore, the traceability of the content of this report with the Non-financial and diversity information Act 11/2018 is detailed in the Annex to the Statement of Non-Financial Information point 2.6.3. Content index of Law 11/2018 on Non-financial and diversity information.

The contact point for questions about the report is the Investment Relations and Communications Department:

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Relations with our stakeholders

The Viscofan Group understands sustainability as the ability to create value among its various 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:

Stakeholder	Specific communication channels	Sustainability concerns and challenges	Value proposal
Shareholders	General Shareholders' Meeting, roadshows, conferences, telephone contact, electronic communication platforms, and via email, corporate website, shareholder services branch, etc.	Sustainability as risk and opportunity Strategic value creation character	Sustainable economic growth Growth at constant exchange rates:
Employees	Intranet, global opinion poll, meetings and presentations, training sessions, direct relationship with managers, internal magazine, whistleblowing channel, bulletin boards and information screens	Talent retention, diversity, equal opportunity, job security	Developing talent and skills by 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	Increased demand for products with lower carbon footprint, human rights advocacy Demand for sustainability information, audits	Preferred option in line with its needs to improve process efficiency and sustainability

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 our activity.
Company	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	Combating climate change as a primary objective Increased demand for sustainability information Consumer demand for a healthier and more sustainable product	Sustainable economic growth, information transparency, territorial integration and community development

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 Viscofan Group's Beyond25 Strategy and the Sustainability Action Plan, both with a 2022-2025 horizon, the Group has a materiality analysis that identifies the most significant economic, environmental, social and governance impacts of the company that substantially influence the assessments and decisions of stakeholders.

A dual perspective reflected in Directive 2014/95/EU on disclosure of non-financial information and diversity information has been taken into account:

- 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 were identified for the different stakeholders on the basis of the following:

- Analysis of the reporting standards used by benchmark companies of the main clients.
- 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), Taskforce 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 and diversity information.

- Recommendations of the GRI Standards, which establishes materiality as one of the Conformance Requirements that determine the content of the reports that report 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, reputation, and 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.

Category	Significant material aspects
Governance Pillar	• Good Governance • Sustainability Strategy • Stakeholder communication • Corruption and fraud

	• Risk management • Respect for human rights
Environmental Pillar	• Climate change • Energy transition • Greenhouse gas emissions • Circular economy • Integrated water cycle • Energy efficiency • Environmental management
Social Pillar	• Diversity, equality and non-discrimination • Health and safety • Quality employment • Salary gap • Training • Customer satisfaction • Sustainable supply chain management • Consumer health • Local communities
Economic and Financial Pillar	• Investor and shareholder value • Technology and digitisation

Generated and distributed value matrix

Based on the cash flows generated in 2022, the matrix of value generated and distributed by stakeholder is as follows:

Stakeholder	Concept	In millions of euros
Customers	Casing sales, energy and other revenues	1,161
Economic value generated		**1,161**

Stakeholder	Concept	In millions of euros
Suppliers	Purchases of raw materials and services	-739
Suppliers	Investment	-115
Employees	Wages, salaries and other	-236
Company	Taxes (Corporate and Social Security)	-83
Shareholders	Dividend payments	-85
Financing	Debt and interest	55
Economic value distributed		**-1,202**

Increase (+) or decrease (-) in cash flow	**-40**

2.1.2. 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 a leader in the casing market and offers growth propositions in the food and health sectors outside the traditional business.

Our business model outline:



Our purpose and mission

Purpose

From 2022, Viscofan has a new purpose with which it wants to go beyond traditional boundaries “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” means that: our technology and our global presence enable us to be in a condition to forge 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” means 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” means that: 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, and for the well-being of everybody. It is our sustainable proposal.

Mission

Manufacture, distribution and sale of casings and the films for use in the food industry; collagen-based products for food and bioengineering use, and the generation of electricity for sale to third parties through cogeneration systems.

Strategy

Viscofan has begun the new Strategic Plan Beyond25, maintaining the ambition to transform the Company in the same way as in the previous strategic plans. To this end, Viscofan expanded its business scope with a new purpose “Reshaping food and wellbeing. 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.

This means redefining our business model with a new approach to the market that combines our strong competitive advantages: the combination of the world's largest geographical presence, both productive and commercial, with a wide and unique catalogue of products, developed on the basis of its own technology and know-how, which continue to develop continuously thanks to a culture of excellence and continuous improvement, based on solid values and ethical principles shared by a highly committed team.

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.

In addition, the strategy is based on a new approach to the market that distinguishes between the Traditional Business (which includes cellulosic, collagen and fibrous), where Viscofan is in a privileged position to continue to take advantage of growth opportunities, and the New Business (which includes tubular plastics, packaging and third parties, new edible casings, functional solutions, nutra-medical-pharma products, as well as diversification activities), where Viscofan wants to leverage its know-how as a catalyst for innovation to expand into new markets with attractive growth trends in the food, wellness and health sectors.

The strategy is based on four cross-cutting pillars: service, cost, technology and sustainability, with the ambition to lead the market in each of these areas.

In accordance with the new strategic plan, a new 2022-2025 Sustainability Action Plan has been established with specific projects to combat climate change, measures to reduce water consumption and improvements to transform our processes into a more circular economy and reinforce our commitments to the Sustainable Development Goals of the United Nations 2030 Agenda.

To drive change, the Digitalisation and People lever has been introduced, with people management and digital transformation initiatives to help streamline processes, boost career development and improve work-life balance.

The main strategic projects are:

- Proximity to the market: to increase Viscofan's own presence in strategic markets, with new sales branches (Italy, Japan, Philippines) and production plants in line with expected market demand.
- Increased collagen hydrolysate capacity.
- Capacity building: facilitating the adoption of casings through a service with guaranteed supply in a growing market.
- Technological update: technological renewal of cellulosic production in the United States, development of Dry-tech technology in collagen.
- Promotion of value-added products, ingredient transfer, and new casing concepts.
- Digitalisation of processes and digital tools at the service of people.

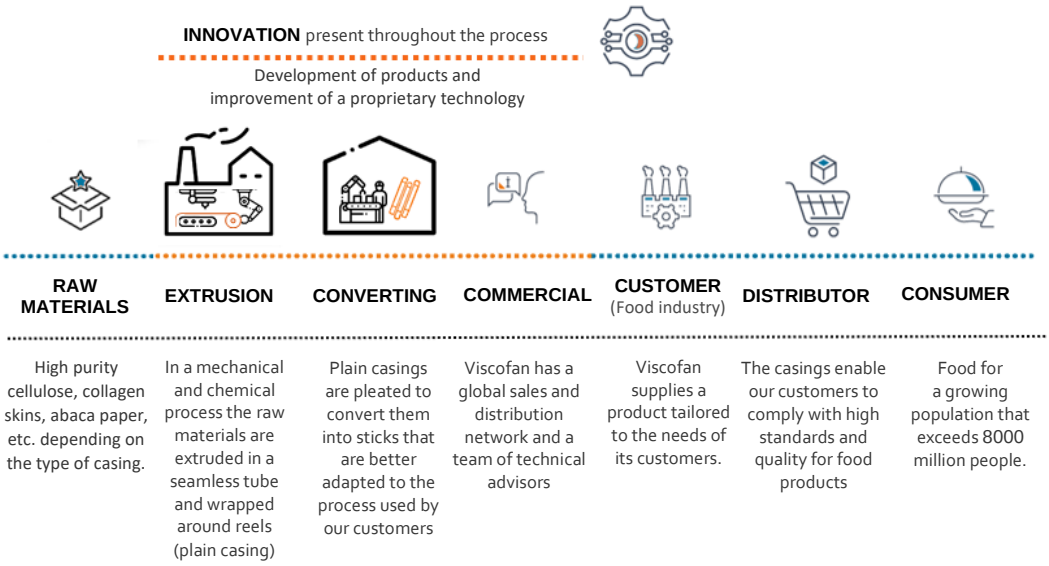
Our markets

Traditional Business - Casings

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.

The casings are characterised by their 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. However, the food industry and, more specifically, the cold meat production sector, increasingly demand more products with greater features, more sustainable and at highly competitive costs, to enable their large-scale manufacture. Responding to this demand involves a huge technological and development challenge that Viscofan has successfully met as the largest casing producer, being the only one in the industry to provide solutions in the main casing families.

Diagram of the casing production process and value chain



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 custom casing market has a historical growth range of around 2-4% in volumes thanks to solid foundations based on:

Category	Trend
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 population growth 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	Increased search for productivity, food safety and hygiene, and the development of new products drive the replacement of animal casings with artificial casings (mainly collagen), as well as the development of new products.

The 2022 financial year has been characterised by strong demand for casings with an estimated growth in volumes of around 5%, above the aforementioned historical growth range of the market. This behaviour is driven by the growing interest of meat processors in collagen casings as they seek higher productivity and service assurance over other alternatives in a context of high inflation and supply chain disruptions. In addition, demand for casings is increasing in several countries due to the change in the population's eating habits towards a basic diet that includes cold meats, a trend driven by the rising cost of living in households.

In 2022, the tripe and casings market stood at around 63 billion metres (61 billion metres in 2021) and had an estimated value of €5,000 billion (€4,500 billion in 2021). In order to meet the stuffing needs, a meat processor must choose from among the different market alternatives, either with animal tripe (46% of the market) or artificial 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.

New Businesses

The know-how and experience acquired in diversification with the use of collagen as an ingredient in different applications not related to the world of casings, our continuous dialogue with the market allowing us to identify needs not always associated with casings, together with the experience we have gained in our own production processes, have given rise to product solutions framed within the New Business division.

With this division, Viscofan goes beyond the traditional casing market and enters a market with a potential of more than €5 billion in which Viscofan has a small size, but it is undoubtedly a great opportunity with products and innovations that seek to provide solutions to trends in the areas of food and health that are becoming increasingly relevant.

The main growth catalysts identified are:

Category	Trend
Population	• Growing population • Population ageing
Eating habits	• Increased protein intake • More vegans and vegetarians • Convenience and variety • Healthy and sustainable food
Food industry	• Circular Economy
Health	• Search for wellness and personal care • Development of biomedicine

Diversification

Within the New Business division, Viscofan has a diversification-driven unit that actively pursues and develops growth opportunities and cutting-edge innovation in materials and new businesses beyond casings.

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.)

Food, health and sustainability activities are the main pillars of diversification activities.

Of these, Viscofan's ample knowledge in the processing, use and transformation of raw materials of a biopolymeric nature constitutes an investment 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 and animal body, but at the same time, it is a unique and versatile material and therefore finds applications in various fields beneficial to people such as regenerative medicine, nutrition, health, life sciences, etc. Viscofan applies technologies and extraction methods to process bovine skin collagen for the development and production on an industrial scale of new collagen biomatrices in the medical and nutraceutical fields.

In addition, Viscofan explores new business avenues by taking minority stakes in several disruptive start-ups, providing financing, and in some cases, knowledge, resources and access to markets to facilitate their growth. The investee companies are (ODS Protein, Feltwood, MOA Biotech, Insekt Label Biotech, Ekolber).

Viscofan also participates in alliances in which it shares knowledge for the development of innovative solutions in different fields. In this regard, the following stand out: participation in the TriAnkle project, a consortium of companies led by Viscofan and with EU funding to manufacture customised 3D implants based on collagen and gelatine for the regeneration of injured tendons and cartilage, and participation in the European consortium Accelerating Research and Innovation for Advanced Therapies (ARDAT) for the development of advanced therapy drugs; participation in the Protection project, which seeks to investigate new protein sources and their impact on the immune system, and which is funded by the CDTI in Spain.

Our competitive advantages

Viscofan's progress is understood from achieving sustainable competitive advantages, which are the result of the work and commitment of an exceptional team that has been offering the best of each one of them for more than 45 years, to turn Viscofan into the leading company in the casing sector and to expand its frontiers towards new businesses in the fields of food and wellness.

People and values

People are the differential value on which the future of Viscofan is built, the best team in the industry, made up of more than 5,300 people and based on shared values:

- We are resolute: we strive for excellence in quality, we are customer and results-oriented, we are committed to our work, and we carry it out in an agile manner.
- We work as a team: we perform our work with passion, we value know-how, agility and excellence. We like to work as a team with a common purpose.
- We are pioneers: we look for new ways of doing things, taking the risk of going further, diversifying, innovating and contributing to a better future.
- We enjoy our work: we are excited about life, we are eager to do things, make decisions and seize opportunities. We value responsibility and commitment to work.

In parallel, these values are underpinned by inalienable ethical principles that stem from the fundamental rights of all human beings (integrity, loyalty, respect and human rights).

The Viscofan Group understands that the creation of long-term sustainable value for all stakeholders can only be achieved through ethical behaviour that favours 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.

R&D and Innovation. Technology and know-how

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 this philosophy enables the company to advance the leadership of innovations in the casing industry worldwide and to drive and develop new business, thus benefiting the various stakeholders.

This activity is possible thanks to an innovation network and culture that extends to the whole organisation, and the corporate research and development centre in Spain 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 ideas between the different production centres. This team consists of 160 people across the Group (160 in 2021) spread across all factories, including the Diversification team.

Constant innovation required by our **globalised world** must be taken into account. 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 accompanies its growth as a company with the development of its innovative capacity to access, assimilate and improve the best technologies available in the market, as well as to develop its own technologies that provide competitive advantages while promoting continuous improvement, seeking greater efficiency and greater **sustainability** in the improvement of processes and products.

In this regard, Viscofan adopts a proactive approach in the search for sustainable solutions at the 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.

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 wishes 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, etc., 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.

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

Action projects

In this regard, the main current Research, Development and Innovation projects underway 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 films and casings that are able to confer functionalities to the product they contain, gaining efficiency and preventing food waste.

- 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.

- 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.

- 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.

Our assets. Wide product offer

Viscofan is the only company in the casing industry with the main technologies available, and offers its customers a wide portfolio of casings that allows them to choose the one that best suits their needs in a context of globalisation in food habits and the need to adapt to changing consumer demands where the focus on health, convenience, experience, variety and sustainability awareness are more relevant.

Our casings facilitate access to basic food for a growing world population, especially in emerging areas whose consumption habits increasingly demand more protein, whether of animal or vegetable origin.

In addition, with the new purpose "Reshaping food and wellbeing. For many, for long" seeks to expand its frontiers beyond traditional casings into the food and health fields with New Business innovations.

Our broad casing product portfolio, the largest in the industry, allows the customer to choose the casing that best suits their needs with 13,673 products sold in 2022, while with the new Beyond25 vision and Strategic Plan, we expand frontiers with innovative New Business solutions that go beyond traditional casings.

Our product categories are as follows:

Business Division	Product type	Description
Traditional Business	Cellulose casings 	They are made using natural cellulose as raw material. They are used primarily in the production of industrially cooked sausages. *"Casing that provides competitiveness in an inflationary environment and sustainability due to its plant-based and biodegradable origin."*
	Collagen casings 	They are produced using collagen as raw material, ideal for fresh or pre-cooked or raw/cured sausages. *"Attractive alternative to animal casings supporting customers in their automation challenges and cost savings."*
	Fibrous casings 	Made from a mixture of cellulose and abaca paper, a vegetable-based paper that makes the casing highly resistant and homogeneous for the production of large-calibre sausages. *"The best solution for today's increasingly demanding industrial processes: speed, productivity and efficiency".*
New Businesses	Plastics 	Casings, films and bags obtained through the processing of plastic polymers also promoting the use of renewable and bio-based raw materials. There is a wide variety of types that allows us to offer the most suitable product for each type of application. *"Focus of growth on sustainability and added value".*

Vegetable casings 	Plant-based and specially developed for vegetarian and vegan recipes. Suitable for fresh and cooked applications, with good frying results and a tender bite. *"Viscofan has been a pioneer in developing a tubular product".*
Transfer of spices 	Functional spice transfer solution applicable to a wide range of foods such as fresh produce, processed meats, cheeses, and ready-to-eat products. *"New generation of solutions to help customers in their search for new products".*
Edible films 	Transparent, edible, soluble film made from plant-based polysaccharides that serves as a carrier for a wide variety of herbs, spices, sauces or marinades. *"Disruptive innovation to reach more markets".*
Collagen hydrolysates 	Collagen plays an important role in our body. It supports tendons, skin and cartilage, thus supporting the integrity, firmness and elasticity of the musculoskeletal system, soft tissues and skin. *"Premium product leveraged on Viscofan's experience with this raw material".*
Nutra-farma-bio 	Processed bovine skin collagen products for the development and industrial scale production of new medical and research grade collagen biomatrices. Together with partners, Viscofan is developing projects in this field, such as Cardiomesh for infarcted hearts, TriAnkle to regenerate Achilles tendon injuries, among others. *"Leveraging our collagen know-how in the medical field".*

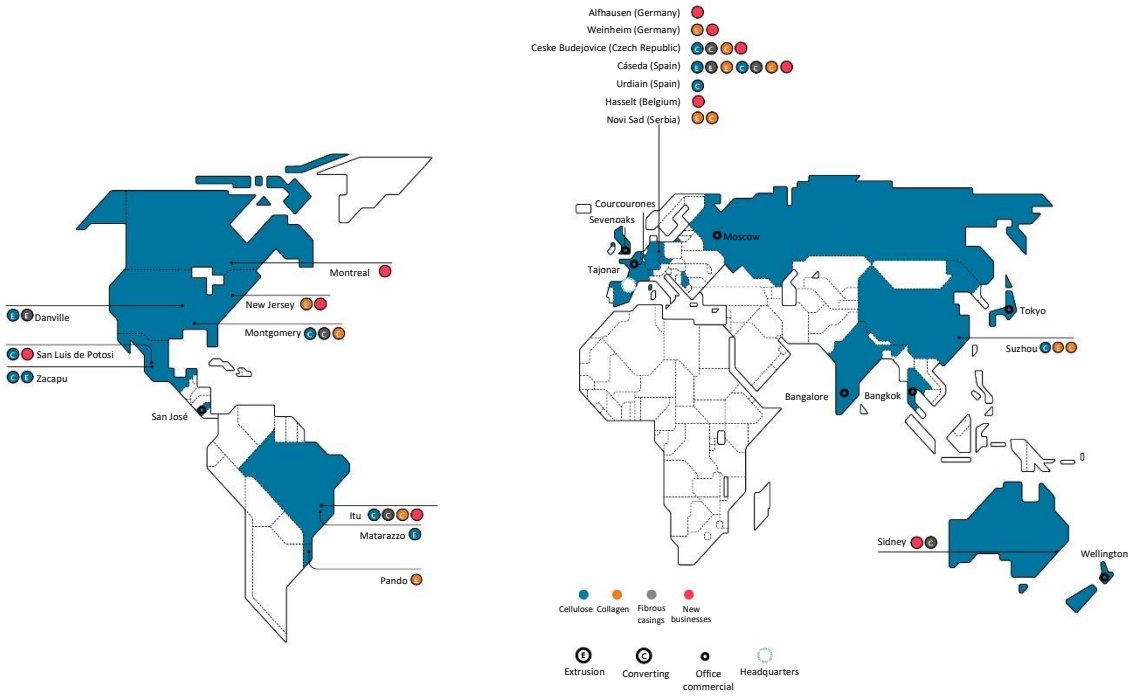
For more information on Viscofan's products, please consult the Products and Markets section of the corporate website.

Our assets. Geographical presence

The casing market is global. Our customers are located in 106 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 in the Viscofan Group. In 2022, we began the process of opening representative branches in Italy and the Philippines in order to improve our service in these important markets and improve our learning process. Construction of a converting plant in Thailand is also scheduled to begin in 2023.

This expansion joins those carried out in 2021 with the incorporation of the company Viscofan Japan GK with the aim of having its own commercial presence in Japan, one of the main casing markets in the world.



Vision and strategic goals

In the current strategic plan, Beyond25 Viscofan aims to accelerate growth compared to previous strategic plans with transformation projects that allow us to strengthen leadership in the traditional Business and gain size in the New Businesses, doing so in a profitable way and while we move steadily towards the achievement of the Sustainability Commitments set for 2030.

The targets set are:

- Our financial targets for 2025 are as follows:
  - Revenue: over €1,450 million and which represents an annual CAGR growth rate of 10%, higher than the +6.3% of the Be ONE Strategic Plan, the +7.0% of Be MORE, and the +4.6% of MORE TO BE.

  - EBITDA margin of 25%.
  - Cumulative investment of €425 million.

- Our 2030 sustainability commitments are as follows:
  - Climate change: 30% reduction of CO_2 emissions in tonnes/million metres extruded vs 2018.
  - Circular economy: 30% reduction in tonnes of waste disposed/million metres extruded compared to 2018.
  - Water: 10% reduction in water abstraction in m^3/million extruded metres compared to 2018.
  - Accident rate: 50% reduction in the rate of work-related accidents compared to 2018.
  - Diversity: 30% of women in executive posts.
  - Supply chain: verification of 100% of suppliers of the main raw materials committed to the code of ethics.

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 Beyond2025 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 enable us to be in a condition to forge 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, generating an impact over a long time. It is our sustainable proposal.

This commitment involves enhancing our leadership in casing and going beyond our technological boundaries, improving our contribution to global food and also to people's wellbeing and health, leading change in the industry to contribute to climate change mitigation and adaptation, to greater sustainable use and protection of water resources, to the transition to a circular economy, and to driving 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.

In this way, Viscofan now has six essential 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 business nucleus 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, which is why the Group focuses on sustainable management of this natural resource in its operations and factories, with a strict policy of consumption and reuse, improving the quality of wastewater discharges and investing in the best available technologies for water management.

SDG 8. Decent work and economic growth: people are the differential value on which the future of Viscofan is built. More than 5,300 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. The selection of raw materials begins, 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 obtaining these Sustainable Development Goals.

Key figures

Financial	Measurement unit	2022	2021
Revenue	Millions of euros	1,201.0.	969.2.
EBITDA	Millions of euros	267.2.	246.7.
Margin EBITDA	%	22.2%	25.4%
Net profit	Millions of euros	139.4.	133.0.
Investment	Millions of euros	125.6.	92.0.
Net bank debt	Millions of euros	101.3.	1.8.
Dividend	Euros per share	1.95.	1.84.
Stock market capitalisation. Year-end	Millions of euros	2,799.	2,646.

Environmental	Measurement unit	2022	2021
CO_2 emissions. Scope 1 and 2	Tonnes	498,626.	547,981.
Emissions / Metres of casing extruded	Base 100 year 2018	72	84
Energy consumption	GWh	2,526.	2,465.
Consumption / Income	GWh / €Mn	2.1.	2.5.
Water captured	Cubic metres	10,691,735.	10,781,067.
Water captured / Metres of casing extruded	Base 100 year 2018	89	95
Water discharged	Cubic metres	8,920,830.	8,432,622.
Waste	Tonnes	68,837.	63,410.
Recycled	%	54%	47%
Of which disposed	%	46%	53%
Waste disposed of/Metres of casings extruded	Base 100 year 2018	89	102

Social	Measurement unit	2022	2021
Average workforce	people	5,317.	5,083
% women	%	28.9%	28.9%
% women in executive posts	%	19.6%	17.9%
Average number of training hours per employee	hours	12.7	11.2
Number of accidents per million hours worked	unit	14.1.	14.2
Hours lost per accident / Hours worked	%	0.26%	0.20%
Hours of training on human rights	hours	3,539.	4,933.

Governance	Measurement unit	2022	2021
Percentage of independent directors	%	55%	45%
Percentage of female directors	%	36%	27%

2.2. Governance Pillar

Viscofan adds 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
- Stakeholder communication
- Corruption and fraud
- Risk management
- Respecting human rights

2022 highlights

The General Meeting of Shareholders held in April 2022 approved the appointment of Ms Cristina Henríquez de Luna and Mr Andrés Arizkorreta as independent directors of Viscofan S.A. in substitution of the outgoing directors Mr Néstor Basterra and Mr Ignacio Marco-Gardoqui. Likewise, in June 2022, Mr Javier Fernández was appointed as an external nominee director following the request of Corporación Financiera Alba S.A., majority shareholder of the company, replacing Mr Juan March, who resigned as a member of the Board of Directors of the Company for professional reasons linked to the assumption of new responsibilities that will prevent him from duly attending to his duties as a director. The General Meeting also approved the continuity as directors of Mr José Antonio Canales, Ms Laura González Molero, Mr Jaime Real de Asúa, Ms Agatha Echevarría and Mr José María Aldecoa.

As a result of the changes made to the composition of the Board of Directors in the 2022 financial year, the number of independent directors has increased to 6 out of a total of 11, and that of the least represented gender with four women (36.4% of the Board). Furthermore, in accordance with the new composition of the Board, the composition of the Board Committees has also been updated, maintaining the majority of independent directors on both.

With the entry into force of the new Beyond25 strategic plan, changes have been made in senior management with the creation of regional (EMEA; APAC; NAM; and SAM) and New Business divisions, complemented by service divisions.

In January 2022, the Board of Directors of the company approved a new Code of Conduct and the Code of Conduct for Suppliers and Intermediaries.

2.2.1. Good governance practices

Good corporate governance is a key factor in generating value, improving economic efficiency, integrating businesses and bolstering 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, (both updated at the 2022 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, which aims to set out the basic principles and commitments that should govern the Group's sustainable development strategy.

This strategy, expressed in the new 2022-2025 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 to all its stakeholders.

Proof of this is the new Beyond25 Strategic Plan, which redefines the business model with a market approach and adds Sustainability as a new transversal pillar of the company.

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 2022, the Parent Company is aware of the following significant shareholders:

	% stake
	31/12/2022
Corporación Financiera Alba, S.A.	14.25%
APG Asset Management N.V.	9.99%
Angustias y Sol S.L.	5.02%
Setanta Asset Management Limited	3.96%
Other Board of Directors	0.35%
Treasury shares	0.69%
Free Float	65.74%

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

As a result of all these measures, the 2022 General Shareholders' Meeting was attended by 82.7% 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 considering the company's high free float.

The breakdown of data on attendance at General Meetings for the last three years is as follows:

Data on attendance at General Meetings			
Shareholders Meeting	29/04/2022	23/04/2021	24/04/2020
% present	19.9%	19.3%	19.2%
% in representation by proxy and distance voting	62.8%	62.8%	68.4%
Total attendance	**82.7%**	**82.1%**	**87.6%**

In addition, the General Meeting is broadcast live on the internet and can be accessed via the Company's website, although the connection to this broadcast is not considered to be telematic attendance at the General Meeting.

Board of Directors

This is the body in charge of representation and administration of the Company. Its essential function is the approval of the strategy, the basic policies, the draw up 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 on the Board	Date of last election	Audit Committee	Appointments, Remuneration and Sustainability Committee
MR JOSÉ DOMINGO DE AMPUERO	Executive	Chairman	12/04/2019		
JOSÉ ANTONIO CANALES	Executive	Director	29/04/2022		
MR JAIME REAL DE ASÚA	Independent	Vice-chairman	29/04/2022		Chairman
MR JOSÉ MARÍA ALDECOA	Independent	Lead Independent Director	29/04/2022		Member
MS LAURA GONZÁLEZ MOLERO	Independent	Director	29/04/2022	Chairwoman	
MS AGATHA ECHEVARRÍA	Other External Directors	Director	29/04/2022	Member	
MR SANTIAGO DOMECQ	Nominee	Director	24/04/2020		Member
MS CARMEN DE PABLO	Independent	Director	24/04/2020	Member	
MS CRISTINA HENRÍQUEZ DE LUNA	Independent	Director	29/04/2022	Member	
MR ANDRÉS ARIZKORRETA	Independent	Director	29/04/2022		Member
MR JAVIER FERNÁNDEZ	Nominee	Director	23/06/2022	Member	
MR JOSE ANTONIO CORTAJARENA	Secretary	Non-Director		Secretary	Secretary

The Board of Directors consists of eleven directors, of which two are executive, two are nominee, one is other external directors and the other six 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 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, the selection of female directors is actively promoted. To this end, when the Appointments, Remuneration and

Sustainability Committee or the Board itself, as the case may be, has to propose the appointment or re-election of directors, without prejudice to respect for the competence matrix, the inclusion in the process of candidates who contribute to incorporating directors of the least represented gender is actively sought and, when faced with two similar professional profiles, the female candidate will be chosen.

Consequently, the Appointments, Remuneration and Sustainability Committee, in view of the expiry of the term of office of directors in 2022, carried out a search for the most suitable candidates to join the Board of Directors in accordance with the aforementioned Policy and, with the assistance of the consulting firm Russell Reynolds, included in the selection process a higher number of female candidates than male candidates, finally proposing, among others, the appointment of Ms Cristina Henríquez de Luna Basagoiti as a new member of the Board of Directors. Likewise, with regard to the proposals or reports on the re-election of directors, it proposed the re-election of Laura González Molero and reported favourably on the re-election of Agatha Echevarría Canales as members of the Board of Directors. These proposals were approved by the General Meeting of Shareholders held on 29 April 2022. Thus, in 2022, the number of directors of the least represented gender on the Board has been increased from 3 to 4, from 27% to the current 36%.

Changes to the composition of the Board of Directors in 2022 and Board Committees

On 1 January 2022, the director Mr Ignacio Marco-Gardoqui Ibáñez fulfilled 12 uninterrupted years as a director of the company. Under article 529k 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 on that date.

In April 2022, the directors Mr Néstor Basterra Larroudé and Mr Ignacio Marco-Gardoqui Ibáñez concluded their term of office as directors of Viscofan, giving way to Ms Cristina Henríquez de Luna Basagoiti and Mr Andrés Arizkorreta García both as independent external directors for the statutory period of four years. Both appointments were approved by the General Shareholders' Meeting on 29 April 2022. Mr Andrés Arizkorreta also became a member of the Appointments, Remuneration and Sustainability Committee. As from that date, the number of members of the Audit Committee was reduced from 6 to 5, thus leaving the vacancy left by Mr Marco-Gardoqui unfilled.

In June 2022, Mr Juan March de la Lastra resigned as a member of the Board of Directors of the Company and of its Appointments, Remuneration and Sustainability Committee for professional reasons linked to the assumption of new responsibilities that prevented him from duly attending to his duties as a director. Consequently, and at the request of Corporación Financiera Alba S.A., a significant shareholder of the Company, the Board of Directors, following a favourable report from the Appointments, Remuneration and Sustainability Committee, co-opted Mr Javier Fernández Alonso as an external nominee director to fill the vacancy left by Mr March. His appointment is subject to ratification and re-election at the 2023 Annual General Meeting.

At the time of his appointment as director, Mr Javier Fernández was appointed member of the Audit Committee, replacing Mr Santiago Domecq Bohórquez, who resigned on the same date as a member of said Committee and was in turn appointed as a member of the Appointments, Remuneration and Sustainability Committee.

In November 2022, Mr Jose María Aldecoa stepped down as a member of the Audit Committee and was replaced by Ms Cristina Henríquez de Luna, who became a member of the Committee in December 2022.

Curriculum and Profiles of members of the Board of Directors

The curriculum and profiles of the members of the Board of Directors at 31 December 2022 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 section on Corporate Governance.

Performance of functions

In order to perform their duties with the required rigour 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 General Managing Director 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, 2021 and 2022, and is expected to do so in subsequent years.

In addition, the annual plan includes visits to some of the Group's production centres and the participation of top management to enable enhanced monitoring of the implementation of the Group's strategy and of the management of each of its companies.

Throughout 2022, the Board met 11 times, the Chairman attended 100% of the meetings, there was 99.2% attendance in person over the total number of votes during the year, and 100% attendance including proxies made with specific voting instructions.

In addition, during the 2022 financial year, the Lead Independent Director, as part of his duties set out in the Regulations of the Board of Directors, held four meetings with non-executive directors to voice their concerns, and was also available for dialogue with investors and shareholders who so requested.

Assessment

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 this evaluation process, whose independence is verified by the Appointments, Remuneration and Sustainability Committee. In 2022, three years after the last external consultancy, Korn Ferry has been consulted to facilitate this evaluation.

The performance evaluation is carried out based a questionnaire and personal interviews, the purpose of which is to obtain each director's particular view of the strengths and weaknesses, as well as any other suggestions they may have for improving the efficiency of the Board and its

committees. The result 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.

The conclusions of the evaluation process were presented by the external consultant to the Board of Directors at the January 2023 meeting and, as a result, at the proposal of the Appointments, Remuneration and Sustainability Committee, the Board approved an Action Plan for the 2023 financial year to incorporate the identified improvement opportunities. These include the joint monitoring by both Commissions of the progress of the regulatory framework and trends in the field of Sustainability and continuing to promote the strategy with visits to subsidiaries and focused sessions.

In addition, during the 2022 financial year, the Board of Directors has intensified its dedication to the Group's strategy and has held training sessions with the participation of external experts in the field of sustainability, cybersecurity and trends in corporate governance. And for the 2023 financial year in particular, the market and business situation has been added as a subject.

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 (2021, 2022 and 2023), and which is available on the company's web page in 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 the short term, variable remuneration included specific CO_2 emission targets, improvement in accident rates and reduced of waste elimination.

In addition, the General Shareholders' Meeting held on 24 April 2020 approved a Long-Term Incentive Plan for 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 in a landfill. Once the measurement period had been complied with, a degree of attainment of 102% was achieved.

The remuneration of the Board of Directors in 2022 was €3,428 thousand (€5,986 thousand in 2021). This difference is due to the fact that the 2021 remuneration included the Long-Term Incentive of the three-year plan (2019-2021) and was paid in 2022 after approval by the General Meeting.

The 2022 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.

In addition, the General Shareholders' Meeting held in April 2022 approved a Long-Term Incentive in shares and cash for executive directors, members of the management team and other employees of the Viscofan Group for the 2022-2024 period. This plan sets out the delivery of an amount in cash and shares in the Company based on the fulfilment of certain objectives for the creation of shareholder value (TSR) and sustainability, including the reduction of the intensity of Scope 1 and 2 emissions, the improvement in accident rate indicators and the performance of audits of suppliers on compliance with the Viscofan Group's supplier code of conduct.

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

The Audit Committee is formed by five members, all non-executive and a majority of independent, appointed by the Board of Directors at the proposal of or pursuant to 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. Since the 2020 financial year, its chairperson has been 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 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 twelve 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 Regulatory Compliance Committee and related party transactions.

The procedures performed by the Committee in 2022 are detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

Appointments, Remuneration and Sustainability Committee

This Committee is composed of four non-executive directors appointed by the Board of Directors: three independent 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 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 7 occasions in 2022, and, whenever considered appropriate, the presence of the Chairman, the CEO, and senior management members was required.

The main matters dealt with and analysed by the Committee during the 2022 financial year and which have made up its main areas of supervision have been, among others, issues of Corporate Governance and on the composition of the Board, evaluation of the Board of Directors and Chief Executive, succession plans for executive directors and senior management, updating the organisational structure, the governance model and the governing bodies of the Group's subsidiaries, remuneration policy, and the promotion and supervision of the sustainability strategy.

The procedures performed by the Committee in 2022 are detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

Top Management (31 December 2022)

With the launch of the Beyond25 strategic plan, the Group's top management was reorganised. Reporting directly to José Antonio Canales, Chief Executive Officer, regional general directorates have been created (EMEA, APAC, NAM, and SAM), which group together the operations located in the countries belonging to this geographic region and the general directorate of New Business, with a transversal nature. At the same time, the corporate service directorates general are maintained.

ORGANISATION CHART	
Person	Position
ANDRÉS DÍAZ	CEO EMEA (Europe, Middle East and Africa)
GABRIEL LARREA	CEO NAM (North America)
JUAN NEGRI	CEO APAC (Asia Pacific)
LUIS BERTOLI	CEO SAM (South America)
ÓSCAR PONZ	CEO New Business
MARÍA CARMEN PEÑA	Chief Financial Officer
JESÚS CALAVIA	Chief Operating Officer
IÑAKI GOÑI	Chief Commercial Officer
JOSÉ ÁNGEL ARRARÁS	Chief R&D and Quality Officer
JOSÉ ANTONIO CORTAJARENA	Secretary to the Board of Directors and Chief Legal Officer
ARMANDO ARES	Chief Investor Relations and Communications Officer
CÉSAR ARRAIZA	Chief Strategy, Organisation and Systems Officer
BEATRIZ SESMA	Chief Human Resources Officer
IÑAKI RECALDE	Chief Diversification and Technology Officer
ALEJANDRO BERGAZ	Head of Internal Audit

During the 2022 financial year, the remuneration received by key management personnel amounted to 4,234 thousand euros. In the 2021 financial year, the remuneration amounted to 13,297 thousand euros. In relation to the Long-Term Incentive Plan, a liability amounting to 593 thousand euros has been recognized during the year.

The figure as of December 31, 2021 includes the remuneration of the 2019-2021 Long-Term Incentive Plan amounting to 8,133 thousand euros, 3,763 thousand euros in cash and 76,802 shares valued at the closing price of the share on December 31 of 2021.

These amounts do not include the remuneration of the two executive directors, Mr. José Antonio Canales García and Mr. José Domingo de Ampuero y Osma, which are detailed in the annual report on the remuneration of the board that is part of this management report.

Defence of 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 three 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.

In the area of labour rights, the following measures stand out:

- Promotion of the principle of non-discrimination. The Code of Conduct states that "We respect and promote respect for the personal dignity, privacy and individual rights of all persons. In our day-to-day work, we work inclusively with people of diverse ethnicity, culture, religion, age, disability, race, sexual identity and gender".

- 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 to detect any violations.

- Protection of the free association of workers. 73% of the company's employees are covered by general collective bargaining agreements regulating their employment activities, improving the minimum conditions set by different labour legislation.

- Compliance training. Viscofan continues with training in regulatory compliance for all employees. 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 or any corrupt procedures within the company.

- 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 not below the minimum wage established in the country.

Furthermore, in line with the objective of extending responsible management to the supply chain, Viscofan's Board of Directors has approved in 2022 the Supplier Code of Conduct, which, among other aspects, establishes guidelines for compliance with laws, ethical behaviour and labour practices. Viscofan S.A. also forms part of Sedex, the largest collaborative platform for the responsible sharing of supply chain data.

2.2.2. Regulatory compliance system

Viscofan considers that integrity and transparency contribute directly to achieving its objectives and managing its business in a sustainable manner. To ensure this, it has an ethics and compliance system whose objectives are to promote an ethical culture in the organisation that strengthens its competitiveness and, long-term sustainability, reputation and ensures compliance

with the regulatory system by all employees. This system has elements in place to Prevent, Detect and Respond to potential risks with a negative impact on the Group.

The prevention system is based on internal regulations, consisting of a Code of Conduct indicating ethical principles and behavioural guidelines complemented by internal operational policies and procedures.

Code of Conduct

The Code of Conduct contains a set of binding principles and guidelines for each and every person in the Viscofan Group to guide actions and behaviour within the company and in relation to our shareholders, customers, suppliers and society in general, in accordance with Viscofan's corporate ethics, as well as local, national and international laws and regulations.

The Code of Conduct in force in the Viscofan Group was approved by the Board of Directors in January 2022 following a favourable report from the Audit Committee at the proposal of the Ethics and Compliance Committee, replacing the Code of Conduct in force to date.

One of the functions of the Board of Directors is to ensure the correct application of this Code of Conduct, with the collaboration of the Ethics and Regulatory Compliance Committee, which supervises and monitors compliance with the Code and reports on a recurring basis to the Audit Committee.

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 within the Corporate Governance section, as well as in compulsory publications and registrations, on the website of the CNMV and in the Mercantile Registry of Navarre, 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.

  The Shareholders' Meeting in April 2022 approved the amendment of the Articles of Association with the main aim of adapting their content to Law 5/2021, of 12 April, amending the consolidated Corporate Enterprises Act, approved by Legislative Royal Decree 1/2020, of 2 July, and other financial rules, with regard to encouraging the long-term engagement of shareholders of listed companies and including certain corporate governance improvements and recommendations.

- Regulations of the General Shareholders' Meeting: This text lays down the regulations governing the General Meeting of Shareholders 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.

  The Shareholders' Meeting in April 2022 approved the amendment of the Rules of Procedure of the General Shareholders' Meeting for adapting their content to Law 5/2021, of 12 April, amending the consolidated Corporate Enterprises Act, approved by Legislative Royal Decree 1/2020, of 2 July, and other financial rules, with regard to encouraging the long-term engagement of shareholders of listed companies

- 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, their duties (including the duty to avoid conflict of interest), 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: These establish the scope and functions of each Committee, its composition and operation, relations with government bodies and other entities, as well as the possibility of requesting 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 management and control 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 participation in the General Meeting of Shareholders: attendance fee
Commercial	• Commercial Practices Manual • Policy of Business Courtesies • Policy to outsource commercial services: distributors, agents and others • 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 • IT security policy • Confidentiality policy • Authorisation policy on computer access and profiles • Password policy • Computer systems and networks management policy • Policy on audiovisual information control
People	• Diversity and equal opportunities policy • Policy on Staff Selection and Recruitment • Policy on welcoming of new recruits • Training policy • Staff leave procedure • Proxy 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 • Supplier code of conduct and intermediaries

Supervision and management bodies

The Ethics and Compliance Committee is the body in charge of overseeing and supervising the proper implementation and monitoring of the Group's Compliance System, as 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, it 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 whistleblowing channel.

Upon the proposal of the Ethics and Compliance Committee and subject to a report by the Audit Committee, the Board of Directors approves the Group's Compliance Plan, which contains action plans in different areas: improved internal regulations, an 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 implementing 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 Regulatory Compliance System and to ensure that all local employees, technicians and managers receive ongoing training.

Whistleblowing channel

The whistleblowing channel is a key element of 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 starting, 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 because of a breach of the Viscofan Group's Code of Conduct or prevailing regulations.

In 2022, 13 complaints were received, 12 of which were filed, although only on one occasion, 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 13 occasions.

Training and dissemination

It is the first and one of the most important default prevention strategies, empowering people to do the right thing proactively.

Without prejudice to the role of the Ethics and Compliance Committee at corporate level, as the body responsible for the management of the system and the specific training plans it promotes, given the importance of adapting to the needs and local culture of the different countries in which the Group operates, the role of the Local Ethics and Compliance Officers is essential. They plan and develop the necessary training and communication actions at the local level, with the support and monitoring of the Ethics and Compliance Committee.

In this respect, Viscofan understands that training in human rights is a fundamental tool for raising employees' awareness in this area. The breakdown of the number of hours of training in this area is as follows:

	2022			2021		
Dedicated human rights training	Men	Women	Total	Men	Women	Total
Training hours	2,624	915	3,539	3,607	1,326	4,933
% of total training hours	6.1%	3.7%	5.2%	9.6%	6.9%	8.7%

Additionally, in 2022, to reinforce awareness and knowledge of regulatory compliance, specific training was provided in different areas:

- Training for top management on the new Code of Conduct, the compliance system, and conflict of interest situations
- Training on the internal rules of conduct in securities market matters
- Training for most of the Group workforce on the new Code of Conduct
- Specific training for purchasing and sales departments on specific compliance issues.

2.2.3. Risk management

Risk management aims to balance our stakeholders' desire for value creation 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, which aims 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. Viscofan's risk management policy aims 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 that oversee the supervision and control of other risks that could arise in Viscofan's activities with different levels occurrence and materiality:

- Internal audit: Their purpose is to promote the application of Risk Management in all activities and supervise to ensure that significant risks are suitably identified, assessed, managed and controlled. It has a broad presence on specific risk committees.

- Ethics and regulatory compliance committee: This is the body responsible for supervising the risks specific to the Group with regard to criminal liability or any other non-compliance and for assessing, implementing and monitoring the Compliance System:

- Global risk committee: This is a collegial body whose purpose is to identify and assess the main risks threatening the Viscofan Group, making a deeper analysis of their organisation and recommendations for the actions required to manage the risks within the established margins.

- Credit risk committee: It is established as a supervisory and control body for those risks related to customer payment management. The objective of this Committee is to delve into the prevention, monitoring and solution of the risks mentioned via the creation and implementation of the instruments considered most appropriate at the time.

- Investments committee: Its main purpose is to control and supervise compliance with the Investment Plan approved by the Board of Directors. To achieve this, it meets every quarter periods to perform periodic follow-up checks on the correct application of approved investments and control investments.

- Cybersecurity committee: It is in charge of defining the strategic objectives of the Group's Cybersecurity, ensuring the secure management of information and assuring the state of protection, as well as periodically monitoring compliance with regulations, risk projects, situations and incidents.

- Executive sustainability committee: This is the body responsible for coordinating and supervising the Sustainability Action Plan, the initiatives, work plans and long-term objectives for the same. The committee reports to the Appointments, Remuneration and Sustainability Committee, the Board of Directors' internal body responsible for

supervising, developing and improving the Company's sustainability policies. The Sustainability Committee met three times in 2022 to analyse the development of the 2022-2025 Sustainability Action Plan, promoting strategic initiatives and the evolution of the main indicators; the start of the project to identify climate change risks and opportunities in accordance with the Task Force on Climate-related Financial Disclosure (TCFD); and the analysis of sustainability reporting regulations, with special emphasis on the EU Taxonomy on Sustainable Finance; among others.

- Top management: It is responsible for identifying and assessing the risks faced by the Group in the course of its activity and taking appropriate measures to prevent these risks from occurring or, if they do occur, to reduce or eliminate their impact. Therefore, it plays a fundamental role in designing and implementing control mechanisms and ensuring their fulfilment across the organisation.

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.

Moreover, the Viscofan Group monitors the values of the risk indicators and the defined thresholds so that when these thresholds were exceeded, the required management measures are taken to redirect the risks to the defined tolerance level. The information in reference to risk management has been outlined 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 that 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 2022 and the response and supervision plan:

Risk	Materialisation in 2022	Response and supervision plan
1. COVID-19 Pandemic	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	Viscofan has maintained this 2022 financial year the employee health protection implemented in 2020 with the onset of the pandemic, including the reinforcement of prevention and hygiene measures. There have been no shutdowns of production plants caused by COVID-19. Supply to customers all over the world has been secured.
	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 led the impact to be moderated, and action was quickly taken to recover lost volumes.
	1.c) 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. Environmental and climate change risks:	2.1) Significant increase in the price of CO_2 emission allowances.	The deployment of a sustainability strategy and plan, together with the corresponding policies approved by the Board of Directors and the creation of a committee to manage sustainability risks that include environmental risks and those resulting from climate change. The Group has continued implementing the Environmental Policy, the renewal and extension of certifications in this sphere (mainly ISO 50001 and ISO 14001) and specific projects to improve management. As part of its decarbonisation plan, Viscofan has installed energy equipment with green hydrogen capability and has performed the first tests with this renewable fuel source in a co-generation engine at the Cáseda plant in Spain.
3. Operational risks	3.1) Increase in the cost of raw materials: Disruptions in manufacturing and consumer activity, transport disruptions, and the conflict in Ukraine have led to global shortages of raw materials and commodities. In this context, the price of some critical raw materials for the Viscofan group has increased.	To offset the impact of the increase in operating costs Viscofan has implemented price increases to customers. In addition, the Group has taken other measures such as detailed monitoring of costs, needs and the risk of non-availability, the search for diversification of suppliers, and a plan to reduce consumption.
	3.2) Increase in the cost of energy: The energy cost, both of gas and of electricity, increased significantly in 2022.	Viscofan has implemented price increases to customers to offset part of the impact of energy costs. Likewise, the energy hedging carried out, the supply contracts with the main energy suppliers, and the cogeneration facilities at the Cáseda and Weinheim plants have allowed us to partially mitigate this risk. In parallel, the Group has carried out a detailed analysis of energy needs and the examination of various scenarios, and the search for energy diversification of operations. With a view to the 2023 financial year, and in view of the forecast increase in energy costs, especially for natural gas in Europe, partly due to the shortage caused by the cut in supply from Russia, the Viscofan Group has entered into purchase contracts with a fixed price for part of the natural gas consumption in its European operations.
	3.3) Lack of availability of natural gas in Germany due to the supply cut from Russia, which could lead to a halt in production.	In the second half of the 2022 financial year, this risk was latent but did not materialise. However, Viscofan has implemented several measures to mitigate the occurrence of the risk, such as the electrification of part of the energy equipment, constant contact with the Administrations, and analysis of the energy needs of the references produced, among others.
	3.4) Disruptions in the supply chain: The imbalance between supply and demand in certain sectors, jams at ports, the war conflict in Ukraine and mobility restrictions caused by the COVID-19 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, secured purchase volumes, and applied innovative R&D solutions. This risk has not led to shutdowns in production plants.

	3.5) The transport strike in Spain in the first quarter of the year has caused delays in the receipt of key raw materials for the production of casings.	The safety inventory management procurement policy, together with the efficient management of the supply chain during the days of the strike, enabled the Cáseda plant to maintain its operations and service to customers.
4. Regulatory	4.1) In view of the European Commission's ban of 8 April 2022 due to Russia's actions destabilising the situation in Ukraine, justified by the fact that the use of these casings improves the capacities of the industry in Russia compared to the traditional alternative of animal casings, the Board of Directors of Viscofan S.A. adopted the decision to discontinue exports of casings to Russia	In this situation, within Viscofan's risk control and management system - taking into account the dynamism of the market - we have worked on commercial and operational mitigation measures that have enabled us to maintain the growth prospects for the year.

2.2.4. 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 and the Crime Prevention Policy, which, encompassed within the Regulatory 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 analyses fraud risks, and its different forms are regulated in various policies; it 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.

In addition, the Ethics and Compliance Committee carries out the more specific management of Ethics and Compliance Risks.

The definition and assessment of these is reviewed, evaluated, and the controls in place in the organisation are identified to reduce the likelihood of their occurrence. The Ethics and Compliance Risk Map sets out the identification and assessment of risks and controls, specifically identifying criminal risks.

In particular, the Group has a control system with financial, tax and commercial policies to combat money laundering, which is considered a low risk.

During the financial year 2022 there have been no acts that have been the subject of relevant legal actions related to unfair competition, monopolistic practices and against free competition, nor have processes or complaints been opened for breach of laws or regulations in the social field. and economic.

2.3 Environmental pillar

Viscofan is committed to preventing climate change and promoting economic growth that is decoupled from the use of limited natural resources.

This sustainable future means facing challenges throughout the supply chain, from the selection of raw materials and packaging with a better use and reuse of these, the optimisation and depuration of water used in the production process, the efficient use of energy and the promotion of renewable energies as a path towards decarbonisation while collaborating with our customers in their sustainability challenges.

Material aspects

- Climate change
- Energy transition
- Greenhouse gas emissions
- Energy efficiency
- Environmental management
- Circular economy
- Integrated water cycle
- Responsible supply chain management

Lines of action

SDG 13. Climate action	We invest in technologies in the pursuit of decarbonisation, such as the installation of energy equipment with the capacity to use green hydrogen in Cáseda and we promote the use of renewable electricity and the implementation of energy efficiency measures.
SDG 12. Responsible consumption and production	Viscofan is committed to sustainability in the main raw materials used. Viscofan invests in technologies that allow production with less production waste, seeks to reduce the intensity of waste disposed of, 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.
SDG 6. Clean water and sanitation	We carry out a sustainable management of water by investing in technology with reduced water collection requirements. We invest in water purification facilities to improve discharge quality.

2022 highlights

- 14.5% improvement in the ratio of Scope 1 and 2 emissions per metre produced compared to 2021, driven by the promotion of the use of renewable energy.
- Installation of dry-tech technology in capacity expansions in collagen casings with reduced water uptake and energy requirements.
- Start of the Biomass installation project at the Cáseda plant, which will enable the Group's largest production plant to improve the circular economy and the use of energy efficiency.
- Progress on the Group's decarbonisation plan: Green hydrogen tests have been successfully completed on a co-generation engine at the Cáseda plant.
- 93% of Viscofan's revenue corresponds to activities that do not significantly impact climate change according to the EU 2020/852 Taxonomy Regulation.

2.3.1. Governance, strategy and resources for environmental sustainability

Environmental sustainability encompasses relevant aspects identified in the materiality analysis and as such is included in the Group's long-term governance and operational management processes. It is an essential part of our risk mitigation in our Sustainability Action Plan.

Governance

The Board of Directors is ultimately responsible for environmental sustainability management. By extension, the Board's Appointments, Remuneration and Sustainability Committee, among its functions, promotes and supervises compliance with sustainability policies in environmental matters, ensuring that they are improved and that they consider the legitimate interests of stakeholders.

The Audit Committee is also responsible for reviewing the effectiveness of the Group's internal control systems and management of financial and non-financial risks, including environmental risks, and for monitoring and evaluating the process of preparing and presenting the Group's non-financial information.

As the chief executive officer of Viscofan's activities, the CEO is the first executive responsible for environmental sustainability and leads the Executive Sustainability Committee in charge of coordinating and supervising the objectives, initiatives and long-term work plans established by Viscofan in the field of sustainability, and in particular in environment.

In addition, the management of environmental aspects at the Group level is the responsibility of the Corporate Operational Sustainability Department, reporting to the Operations Department, which is in charge of coordinating and supervising this matter in all the Group's production plants.

Firstly, climate change management is regulated in the Climate Change Policy, and demonstrates the Group's commitment to controlling atmospheric emissions, energy efficiency, and a business strategy related to developing alternative energy sources.

Secondly, the Group has an Environmental Policy which sets out 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.

Strategy, risk and opportunity management

The Group has a Sustainability Action Plan for the 2022-2025 period, in line with the new strategic plan and approved by the Board of Directors in January 2022. This plan, among other aspects, identifies risks and opportunities and establishes the Group's metrics, objectives and initiatives in relation to them.

Environmental sustainability brings with it a number of risks and opportunities for the casing industry that need to be identified and managed to minimise negative impacts on our environment, while taking advantage of all the associated positive aspects.

In particular, 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 2.2 Governance Pillar, Risk Management section, in which the Viscofan Group's Risk Management System is detailed, together with the main risks and the risks that occurred in the year.

Within the framework of this plan, and based on the methodology established by the Task Force on Climate Related Financial Disclosure (TCFD), Viscofan has started a climate change analysis for the Group in 2022. Material risks and opportunities and their time horizon have been identified. Three global warming scenarios (1.5ºC, 2.4ºC, and 4.0ºC) have then been established to analyse the possible financial impact of these scenarios and the resilience of the Group's business model in 2023.

Material risks associated with climate change and mitigation measures

Transition. Regulatory changes. Viscofan's production process is energy intensive, so legislative proposals related to this resource and aimed at mitigating climate change may have a particular impact on the business. This is the case of the increase in the price of CO_2 emission allowances, carbon taxes or emission restrictions, which may affect the industrial and other energy-intensive sectors.

In this respect, the increased price of greenhouse gas emissions impacts the Group's operating costs. In 2022, the CO_2 emission rights expenditure was €21.5 million. Based on this, Viscofan is implementing actions within its decarbonisation plan:

- Investment in energy equipment that can use green hydrogen as a renewable energy source. Specifically, the Cáseda plant has energy equipment to use this energy vector and which has replaced others whose useful life had come to an end. In 2022, Viscofan also carried out the first tests on the use of green hydrogen in a co-generation engine, testing the feasibility for the production of casings.
- Work has begun on installing a biomass boiler at the Cáseda plant.
- Study and approve a project to implement an energy PPA (Purchase Power Agreement) for solar panels for the Cáseda plant for the self-sufficiency of renewable electricity.

Physical - Chronic. Water scarcity: 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 in regions of high or extremely high water stress, in line with the list of the World Resources Institute. Said plants are in Brazil, Mexico, Belgium and China and, as a whole, represented 22% of the Group's total water withdrawal in 2022. During the year 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 potential long-term risk.
- Likewise, the 2030 commitments include reducing the intensity of water withdrawal. To comply with this, 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.

Transitional – low-emission technology: accelerated transition to low-emission technology in the company's production lines and facilities, e.g. by switching from natural gas equipment to equipment that uses renewable energy sources or generates less carbon emissions. If the speed of this transition is faster than the amortisation period of the equipment or requires non-mature energy technologies to be adopted, it can lead to associated costs and investments, as well as loss of overall product competitiveness.

At the moment, based on the preliminary analysis carried out following the IEA Sustainable Scenario and IEA Current Policies scenarios, the transition commitments to low-emission technology of the different governments of the countries in which Viscofan is present have a time horizon longer than the useful life of the energy equipment. However, Viscofan, as part of its decarbonisation objective, is seeking to invest in energy equipment that uses renewable energies

to the extent that the existing ones have reached the end of their useful life, as well as the diversification of energy sources, in order to achieve greater self-consumption.

Transitional - Market. Rising raw material prices. The physical consequences of global warming or climate change regulation itself may lead to higher prices for raw materials, affecting the company's procurement, transport and distribution worldwide. Increases in the price of raw materials may be caused by their reduced access or availability or by their carbon footprint. Viscofan has mitigation tools to compensate for the increase in raw material prices:

- Passing on cost inflation through higher selling prices to customers.
- Specific R&D projects and production trials encouraging diversification of sources of supply and suppliers for collagen hides and cellulose.
- Investment and development of more efficient and less wasteful production processes. One example is the recent installation of new cellulose casing technology in Danville (USA) in 2022.

Thus, 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.

Access to new markets: Viscofan has extensive experience in the sector, and based on its knowledge of processing raw materials, processes and continuous dialogue with the food sector, it can identify business opportunities related to other forms of food alternatives to the current ones.

Efficiency of production processes: the reduction in the intensity of use of resources such as energy or water, as well as a reduction in the generation of waste, could lead to savings for Viscofan and represent a competitive improvement compared to other market players that do not adopt this type of strategy. To this end, it is necessary to optimise and improve manufacturing processes, establishing circularity and efficiency measures in terms of water, waste and energy.

Promoting renewable and sustainable energies: Viscofan is working to promote decarbonising its processes using green hydrogen as an energy vector. If this technology were available on a competitive and continuous basis, it would save CO_2 emissions and the associated cost of emission allowances. In particular, the tests carried out with green hydrogen in 2022 on a co-generation engine in Cáseda have led to a saving of 63 Tn of CO_2, equivalent to more than 7,660 tonnes of CO_2 annually. Also, in terms of energy transition, Viscofan could improve efficiency and favour the purchase of renewable energy with Power Purchase Agreements PPAs, gaining in turn in self-sufficiency.

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 2022 year-end, 89% of the Group's plants now have this certificate. During the year,

the necessary work was carried out at the plant in New Jersey (USA), which will be certified in January 2023.

The breakdown of the Group's plants with the ISO 14001 certificate at 31 December 2022 is as follows:

Country	Plant	ISO 14001
Spain	Cáseda	Yes
	Urdiain	Yes
Germany	Weinheim	Yes
	Alfhausen	Yes
Serbia	Novi Sad	Yes
Czech Republic	Ceske Budejovice	Yes
Belgium	Hasselt	Yes
US	Danville	No
	Montgomery	Yes
	New Jersey	(Received January 2023)
Mexico	Zacapu	Yes
	San Luis Potosi	Yes
Brazil	Itu	Yes
	Matarazzo	Yes
Uruguay	Pando	Yes
China	Suzhou (2 plants)	Yes
Australia	Sidney	Yes

ISO 50001 energy efficiency certificates

The Cáseda and Urdiain (Spain), Weinheim (Germany) and Ceske Budejovice (Czech Republic) plants have an ISO 50001 standard certificate, enabling the plants to improve their efficiency, energy costs and green greenhouse emissions.

Other certificates

Viscofan's New Business 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. 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 2022, the gross value of this type of asset was €78.0 million (€65.4 million at 31 December 2021).

Viscofan continues its quest to improve environmental management and with this objective in mind, in 2022, it invested €12.6 million in this area (€6.9 million in 2021). The investment projects

in energy equipment contribute to the reduction of CO_2 such as electric boilers, energy recovery or solar panels; and installations for processing waste from 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.

Environmental fines and penalties

In 2022, the Viscofan Group had not received any significant environmental penalties.

2.3.2. Climate change management and energy efficiency

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 ongoing process all year round that requires a lot of heat, especially in the casings 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. However, within its decarbonisation plan, Viscofan boosts collaboration with public bodies and companies in the energy sector to develop green hydrogen capacities as an energy source in the future casing production process.

- Viscofan promotes the use of renewable energy: within this commitment, in 2022, Viscofan increased the use of renewable electricity at its plants, representing 54.8% of the total electricity acquired by the Group.

In particular, the production plants in Urdiain (Spain) and Alfhausen (Germany) use exclusively renewable energy sources.

Energy consumption

The internal energy consumption expressed in Giga Wh is the following:

Energy consumption	2022	2021	2020	2019	2018
Gigawatt-hour (GWh)	2,526	2,465	2,371	2,294	2,276

In 2022, internal energy consumption increased by 2.5% versus 2021 in a context of increased production activity.

The breakdown by type of energy is as follows:

In GWh	2022	2021
Natural gas	2,118	2,091
Electricity and other non-renewables	190	259
Renewable electricity	213	115
Renewable fuels	5	0
Total energy	**2,526**	**2,465**
Total renewable	218	115
% of total	***8.6%***	***4.7%***

Due to the decarbonisation measures framed in the Sustainability Action Plan, the use of renewable energy has increased compared to 2021. Given the characteristics of the production process, the greatest energy intensity corresponds to thermal energy, the most efficient alternative being the use of natural gas. However, as far as possible and as long as the processes have been electrified, the use of a higher percentage of electricity from renewable sources has been actively pursued. Thus, in 2022, 54.8% of the group's electricity was from renewable sources, compared to 31.2% the previous year.

The detail of the Group's production plants with electricity purchased from renewable sources is as follows:

Detail of plants with electricity from renewable sources	2022
Cáseda. Spain	100%
Urdiain. Spain	100%
Weinheim. Germany	100%
Alfhausen. Germany	100%
Novisad. Serbia	100%
San Luis Potosi. Mexico	100%
Zacapu. Mexico	50%
Itu. Brazil *	33%
Ermelino Matarazzo. Brazil *	32%
Group	**55%**

**Brazil's plants have started to purchase electricity from renewable sources from September 2022.*

In addition, the Group promotes and encourages implementing energy efficiency projects in its operations. The most relevant have been:

- The installation of collagen casing production capacity in several of the Group's plants under dry-tech technology, where less water is used in the process, which means less heat is used to dry the casing.
- At the Cáseda plant, the operational temperature parameters have been optimised in different production phases in fibrous, cellulose and collagen facilities.
- Installation of LED lights in the plants of Weinhein in Germany, Serbia, Belgium, Czech Republic, and Australia.
- Renewal of equipment with greater energy efficiency both in the production process and in energy equipment.

These measures and the consolidation of projects from previous years have improved in 2022 in the ratio of energy consumption intensity over metres of extruded casings. Its development is as follows:

Base 100 year 2018	2022	2021	2020	2019	2018
Consumption in GWh /Metres produced	87	90	94	102	100

Emissions

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

CO_2 emissions in tonnes	2022	2021	2020	2019	2018
Direct	415,182	405,299	397,959	386,221	378,128
Indirect	83,444	142,682	165,228	154,580	164,138
TOTAL	**498,626**	**547,981**	**563,188**	**540,801**	**542,266**

Other emissions in tonnes	2022	2021	2020	2019	2018
NOX	762	735	713	657	643
SOX	32	29	29	32	N/A

Base 100 year 2018	2022	2021	2020	2019	2018
Intensity of CO_2 emissions/millions of extruded metres	72	84	94	101	100
Intensity of NOX emissions/millions of extruded metres	93	95	100	103	100
Intensity of SOX emissions/millions of extruded metres	77	74	80	100	N/A

In 2022, CO_2 emissions decreased by 9.0% compared to the previous year due to the fact that the plants in Serbia and Brazil started to purchase electricity from renewable sources in the year and to the energy efficiency measures implemented.

Main projects in 2022

During the 2022 financial year, in addition to the energy efficiency measures mentioned above, the following projects have been implemented to decarbonise our production processes:

Viscofan has successfully completed the tests to use green hydrogen as fuel in one of the cogeneration engines located in the production plant in Cáseda. The use of hydrogen as a fuel reduces the carbon footprint of the combustion processes, as each cubic metre of natural gas replaced saves 2.15 kg of CO_2 from being emitted into the atmosphere, so the contribution to the reduction of the carbon footprint is immediate. In fact, the implementation of this test has led to a saving of 63 Tn of CO_2, equivalent to more than 7,660 tonnes of CO_2 per year.

In Cáseda (Spain), permits have been obtained for installing an energy production centre that uses biomass from our cellulose waste as fuel, contributing not only to a reduction in greenhouse gas emissions, but also to improving the circular economy by obtaining renewable energy from our production processes.

The plant in Alfhausen (Germany) has achieved zero greenhouse gas emissions (Scope 1 and 2) by 2022 by replacing natural gas with biomass and purchasing electricity from renewable sources.

Emission savings:

Electricity production through co-generation

In 2022, Viscofan avoided the emission of CO_2 into the atmosphere by using cogeneration compared to the theoretical emissions from co-generation steam using conventional boilers at the Cáseda (Spain) and Weinheim (Germany). Below is a detail of the equivalent tonnes of CO_2 avoided:

	2022	2021	2020	2019	2018
CO_2 avoided by Energy optimisation	**85,845**	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

As a signatory member of the United Nations Global Compact, Viscofan is committed to SDG 13. Climate action. This 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 ratio evolution on a baseline of 100 for 2018 are as follows:

Base 100 year 2018	2030 Commitment	2022	2021	2020	2019	2018
CO2 emissions scope 1 and 2/Extruded metres	70	72	84	94	101	100

2.3.3. 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 withdrawal for different phases of the process, such as casings cleaning, refrigeration, steam production and moistening of casings.

At Viscofan, in 2022, during the production of casings, 17% of the water collected evaporates, is incorporated into the product, or is consumed, while the remaining 83% is taken to depuration plants installed at Viscofan's production plants to be processed before being returned to freshwater surfaces, or to 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 casings cleaning. 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.

Withdrawal, responsible use of water

Water collection by source type. m^3	2022	2021	2020	2019	2018
Surface water	4,127,443	4,269,619	4,107,250	3,849,469	3,755,026
Groundwater	2,929,859	2,810,428	2,756,290	2,643,301	2,636,088
Municipal supplies	3,634,433	3,701,020	3,515,107	2,947,574	3,021,961
Rainwater	0	0	0	0	0
Wastewater	0	0	0	0	0
TOTAL	**10,691,735**	**10,781,067**	**10,378,646**	**9,440,345**	**9,413,076**
Consumption in process	**1,770,905**	**2,348,446**	**2,107,470**	**1,679,531**	**1,745,719**

In 2022, water use efficiency measures have led to a reduction in water withdrawal and an improvement in the indicator of intensity over extruded metres. Of particular note:

- The installation of dry-tech production lines for the production of collagen casings.
- In New Jersey, optimisation measures and installing more efficient collagen raw material processing and washing technology have been carried out.
- Installation of filtering systems in Spain and Brazil to reduce water flow.

Likewise, as part of its efficient water management strategy, Viscofan seeks the greatest possible water reuse. 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, and it has been implemented in Brazil to reuse water from the production process to supply the fire system and to water the garden.

These projects, of great importance and technical complexity, have increased the percentage of water reuse:

	2022	2021	2020	2019	2018
Water reused in m^3	57,077	16,942	15,172	1,069	26,635

All captures are strictly regulated by the public sector, which assigns permits and determines the maximum permitted capture volumes to preclude significant effects. Hence, there was no record in 2022 of the organisation's water collection activities significantly affecting any water sources.

Furthermore, 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 22% of total water withdrawal and 24% of the Viscofan Group's total water discharge in 2022. In the year, problems of water supply were not declared in these areas.

Responsible discharge

Protecting the quality of the water that we discharge is one of Viscofan's commitments. Adequate water management also includes a correct treatment of its wastewater and minimising the impact of its activities on the environment; thus, we apply the best available technologies in an ongoing process such as that of the Group.

As a result, Viscofan has water treatment plants at its manufacturing facilities, where water treatment 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).

Water discharge broken down by destination is as follows:

Water discharge in m3	2022	2021	2020	2019	2018
Freshwater surface	5,157,283	4,643,755	4,588,313	4,354,863	4,279,568
Municipal processing plant	3,763,547	3,788,866	3,682,863	3,405,950	3,387,789
TOTAL	**8,920,830**	**8,432,621**	**8,271,176**	**7,760,813**	**7,667,357**

2030 commitment to reduce the intensity of water withdrawal

As a signatory member of the United Nations Global Compact, Viscofan 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 withdrawal over a million extruded metres with respect to 2018.

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

Base 100 year 2018	2030 Commitment	2022	2021	2020	2019	2018
Water withdrawal in m^3 / Extruded metres	90	89	95	100	101	100

2.3.4. Circular economy

Population growth influences the availability of the planet's resources, making their efficient use and the circularity of the economy essential. A global challenge that requires incorporating environmental criteria throughout the value chain that minimizes the impact of Viscofan's activity.

Working in conjunction with the whole value chain, Viscofan promotes the sustainable use of resources. Firstly, through the selection, search and homologation 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 leads to less waste generation and a circular life cycle. Finally, Viscofan's product innovations aim to foster customer innovation and help them in their sustainability challenges.

Selection of raw materials

We take the utmost care with the raw materials we work with, ensuring that the highest standards of health and food safety are maintained at all stages of production. In addition, a significant proportion of these products are of natural, biodegradable or recycled origin.

The breakdown of consumption expenditure by category of the ten most relevant raw materials is as follows:

Key raw materials	2022	2021
Animal and plant origin	65%	70%
Plastic polymers	10%	11%
Auxiliary chemicals	25%	19%
Total	**100%**	**100%**

Animal and plant origin

- **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.

- **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.

- **Abaca paper:** This 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. Other industries also use abaca fibre to produce high-quality paper and non-woven textiles for various uses such as tea bags, paper money and filters.

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

Chemicals used as auxiliaries in the production of different types of casings, the most relevant are caustic soda and glycerine.

Packaging

Viscofan's business model is characterised by the sale of ingredients or auxiliary raw materials in large volumes to food production companies so that the packaging sent by Viscofan to the customer is not individualised by product or unit of use. For this reason, packaging is a reduced cost and has not been identified as a relevant aspect within Viscofan's materiality matrix, which, moreover, does not end at the final consumer. The majority by relevance and weight are caddies, boxes, and pallets, mostly of renewable origin, being packaging used to protect the quality and safety of the casings sent to the customer.

Furthermore, in terms of raw materials, a part of these use reusable packaging, such as the containers that store the collagen skins; another part is biodegradable and recycled, such as the cardboard containing the cellulose paper; and to a lesser extent, other packaging is of synthetic origin, for which Viscofan promotes the recycling of these as far as possible.

Efficient management and waste circular

Viscofan is constantly searching for a more efficient production technology that allows, among other things, 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.

To manage the waste generated, we use disposal methods that have been determined locally based on local regulations and good practices within the Group, considering the characteristics of the production process and the raw materials used.

The trend in waste by typology is as follows:

In tonnes	2022	2021	2020	2019	2018
Recovered	37,345	29,400	26,648	22,673	25,755
Disposed	31,492	34,010	30,696	26,634	27,668
Total waste	**68,837**	**63,410**	**57,344**	**49,307**	**53,423**

In 2022, the tonnes of waste increased by 8.6%, mainly due to the higher level of casing production and the start-up process of new production machinery, which is associated with an occasional rise in waste that normalises once the learning curve is completed.

As part of the Sustainability Action Plan, a special effort is being made to identify waste and search for recovery alternatives, as well as to prevent waste from ending its life cycle in landfills or incineration. In addition, waste managers are being asked to identify the final destination of the waste better, making it possible to reduce the classification of Other (waste managed by third parties pending classification of its final destination) and to assign it to the different waste

categories according to its final destination. Furthermore, the Executive Sustainability Committee agreed to raise the bar in the waste management targets, extending the 30% reduction target compared to 2018 levels for waste that is considered disposed of, i.e. destined for landfill, incineration or to a third party that does not identify a final destination.

As a consequence of better identification of the final destination of waste, the tonnes of waste reported to landfill has increased, and the tonnes reported in the “Other” category has been significantly reduced.

In tonnes	2022	2021	2020	2019	2018
Incinerated	3,314	4,009	4,035	3,902	3,989
Landfill	27,918	23,192	20,700	18,706	20,734
Other	260	6,809	5,960	4,026	2,945
Total waste disposed	**31,492**	**34,010**	**30,696**	**26,634**	**27,668**

In addition, work is being done on the further valorisation of waste by increasing the reuse of products, or the recycled use of waste after the corresponding transformation, such as composting or energy recovery as a thermal source:

In tonnes	2022	2021	2020	2019	2018
Reused	6,216	7,966	3,333	2,892	3,412
Recycling	7,299	6,393	5,142	5,103	7,069
Composting	16,107	12,995	17,173	13,694	14,029
Energy recovery	7,723	2,045	1,000	984	1,245
Total waste recovered	**37,345**	**29,400**	**26,648**	**22,673**	**25,755**

As part of its commitment to efficient and circular waste management, Viscofan is implementing and analysing the implementation of projects in different subsidiaries. In this area, it is worth highlighting the following:

- In Cáseda (Spain) permits have been obtained for installing an energy production centre that uses biomass from our cellulose waste as fuel, contributing to improving the circular economy by obtaining renewable energy from our production processes.
- A recycling programme for packaging has been implemented at the Montgomery converting plant.
- In Serbia, the process of feeding and unloading materials has been modified to reduce waste. Work has also been carried out in this country on implementing a quality process using artificial intelligence that enables better use of resources and waste reduction.

The following is a breakdown of the categorisation of waste according to its destination and hazardousness:

	2022			2021		
In tonnes	Non-hazardous	Hazardous	TOTAL	Non-hazardous	Hazardous	TOTAL
Recovered	31,802	5,543	37,345	28,206	1,194	29,400
Disposed	28,950	2,542	31,492	27,424	6,586	34,010
TOTAL	**60,752**	**8,085**	**68,837**	**55,630**	**7,780**	**63,410**

Moreover, the Viscofan Group has implemented an environmental management system to prevent spillages and leaks, in which it has established management mechanisms and technical control elements. There were no spills or leaks at Viscofan Group facilities in 2022 that had to be reported to the competent authorities, understood as those that cause damage to the external environment of the facility.

Commitment 2030 to reduce waste disposal

As a signatory member of the United Nations Global Compact, Viscofan is committed to SDG 12. Responsible consumption and production. Viscofan's commitment has taken the form of a target with a 2030 horizon and a 2018 base for reducing non-circular waste.

Initially, the objective was focused on the reduction of waste destined for landfill, although, in the course of the 2022-2025 Sustainability Action Plan, the requirement has been increased in accordance with a greater identification of the destination of the waste, incorporating the objective of reducing everything that is not recovered, so that by 2030 there should be a 30% reduction in the tonnes of disposed waste out of a million extruded metres.

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

Base 100 year 2018	2030 Commitment	2022	2021	2020	2019	2018
Tonnes of waste disposed/Metres extruded	70	89	102	100	97	100

2.3.5. Responsible supply chain management

In a world where consumption habits can lead to the use of unsustainable materials, at Viscofan, a very significant part comes from raw materials considered to be renewable, i.e. of natural origin, or are biodegradable or come from raw materials that have already been recycled. Thus, 81% of our revenue comes from the sale of casings with these characteristics.

However, Viscofan also considers how sustainability issues impact not only on its own operations but also along the value chain: raw materials, packaging and helping customers with their sustainability challenges.

Raw materials

Viscofan has the following sustainability commitments for both renewable raw materials and the rest:

- **Cellulose and abaca pulp:** All our suppliers are certified by the international (PFEC and FSC) certification programme, which ensures that the cellulose they obtain comes from sustainably managed trees and forests and, therefore, does not contribute to the deforestation of the planet.
- **Collagen:** Our collagen casings are a good example of a circular economy in the world of casings, as the cowhide is used for recovery in the food industry. In addition, Viscofan seeks as far as possible to contribute to animal welfare under strict controls and by working with European leather suppliers that comply with animal welfare codes.
- **Plastic:** In 2022, 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:* The possibility of reducing the thickness of the main references of plastic casings and other packaging by 2% without affecting their properties has been investigated and achieved. With this project, Viscofan has saved 66.2 tonnes of plastic raw material.

    Work on this axis has also reduced the thickness of the adhesive layer by more than 10% in multilayer plastic casings through improvements in process control and product redesign, a project started in 2021 at the Czech Republic plant and extended to Brazil in 2022, achieving savings of 11.6 tonnes of plastic materials.
  - Reuse and recycle: eFAN casing, which contains up to 95% recycled or bio-based plastic material, has been commercially promoted in 2022.

    Likewise, and in line with the promotion of the eFAN casing, by the end of 2022 Viscofan had 32,000 tonnes of recycled or renewable plastics in its warehouses.

    Also, in 2022, Viscofan's Plastics division achieved ISCC PLUS recertification of all plastic extrusion and plastic converting facilities.
- **Vegetable proteins:** This raw material used for the veggie casing is a GMO (Genetically Modified Organism) free product.

Packaging

Viscofan works with the ambition to make responsible use of and minimise as much as possible the packaging of raw materials and the final product by promoting the circular economy. In recent years, concepts of reduction, reuse, redesign and recycling are being used in the packaging management strategy. The main initiatives implemented during the year are:

On the cardboard caddies used for the collagen casings, a project has been carried out and implemented in cooperation with the supplier to reduce the amount of cardboard by about 20% while maintaining the strength of the packaging.

Reduction in the number of pallets and associated packaging by optimising the number of metres of casing per pallet surface area.

In the EMEA region, Viscofan has provided a solution to a customer's logistical problem thanks to a new packaging that has enabled them to stack four carton heights, eliminating an intermediate pallet, while remaining stable during handling by warehouse and shrink-wrapping personnel.

Customers

With our developments, we seek to help customers meet consumer needs and achieve greater sustainability in their production processes, providing them with products with greater production efficiency that generate less food waste and, in addition, enable the reduction of CO_2 emissions during their processing.

Key achievements in 2022 at the product level to help customers with their sustainability challenges have been:

- In the New Business division, work has been done on reducing the thickness of the plastic casings, achieving a product with the same properties and with less need for raw materials.
- Cellulose casing with transfer of annatto, a spice used as a food colouring. It is a solution that makes life easier for our customers, allowing a more efficient application of the spice with less waste.
- Promoting and increasing growth in value-added transfer plastics as a sustainable alternative that allows customers to reduce specific cooking cycles and their products' carbon footprint.

2.3.6. European taxonomy for environmentally sustainable economic activities

In accordance with the European Union's environmental taxonomy criteria, around 93% of Viscofan's revenue has no significant impact on climate change, with the only eligible transition activity being the co-generation of heat/cold and electricity based on natural gas, where the technical alignment requirements need further development of the green hydrogen industry to facilitate fossil fuel substitution in line with the pioneering decarbonisation work that the Group is carrying out in Spain.

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 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.

On 9 March 2022, the European Commission published Delegated Regulation 2022/1214 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards public disclosure of specific information on these economic activities.

In order to determine that an activity is "environmentally sustainable", it is necessary to start from the distinction established by the Regulation between two types of activities:

- Eligible activities: Those that significantly impact the achievement of any of the six environmental objectives set out in the Regulation, irrespective of whether that economic activity meets any or all of the technical selection criteria set out in those delegated acts.
- Aligned activities: Those that have a significant impact on the achievement of any of the six environmental objectives set out in the regulation and in addition:
    - Does not cause any detriment to the other environmental objectives set out in the Regulation.
    - It complies with technical selection criteria established by the Commission.
    - It is carried out in accordance with the minimum guarantees set out in Article 18 of the Regulation.

Analysis of implications for Viscofan

Eligibility analysis

The Viscofan Group has conducted an analysis to identify the eligibility of the Group's activities with respect to climate change mitigation and adaptation objectives.

From this analysis, it is concluded that:

- The manufacture and distribution of all types of casings for sausage and other applications; the manufacture and distribution of collagen-based products for food use and bioengineering have not been identified as having a significant impact on climate change. Therefore, they are not eligible for activities that are included in Annexes 1 and 2 of the Regulation that establish the technical selection criteria for determining the conditions under which an economic activity is deemed to make a substantial contribution to climate change mitigation or adaptation.

- Furthermore, the co-generation activity, which in the Viscofan Group consists of the sale to third parties of the electricity that the Group does not use in the production process of its main activity, is included in Annexes 1 and 2 of the Regulation as an eligible activity.

Alignment analysis

Viscofan has analysed the co-generation activity (eligible activity) based on the provisions of Annex 1 of the Regulation, which includes the criteria that this activity must meet to be considered as making a substantial contribution to climate change mitigation.

In this regard, the technical criteria for selection of substantial contribution set out in section 4.30 (High-efficiency co-generation of heat/cold and electricity from gaseous fossil fuels) of this Annex set a minimum level of greenhouse gas emissions for a cogeneration activity to be aligned that is technically impossible to achieve with the use of 100% fossil fuel, requiring the blending of non-fossil fuels and the development of new technologies that would allow such consumption.

In this respect, within the search for decarbonisation of its processes, Viscofan is being a pioneer, and in 2022, it has successfully completed for the first time in Europe the use of green

hydrogen as fuel in a co-generation. In addition, although a regular, continuous supply of green hydrogen is not currently available, Viscofan has already installed two co-generation engines with the capacity to partially use green hydrogen and thus be prepared for a rapid transition when such a supply becomes available.

Based on these requirements, the main key performance indicators have been calculated in accordance with the EU Delegated Regulation of the Commission supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by companies subject to Articles 19a or 29a of Directive 2013/34/EU with respect to environmentally sustainable economic activities, and the specification of the methodology for complying with the disclosure obligation with regard to the presentation of information on environmentally sustainable economic activities.

Calculation of indicators

Calculation of the key performance indicator on revenue

To calculate the indicator, the accounts required by the Regulations have been identified in the denominator, with revenue being the amount included as "Sales and rendering of services" (see note 20 of the Notes to the Consolidated Financial Statements).

For the calculation of the numerator, the amount of sales and services of the eligible activities has been used.

Calculation of the key performance indicator for capital expenditure (CapEx)

To calculate the CapEx indicator, the denominator includes total investments in intangible assets, investments in property, plant and equipment and investments in assets for rights of use of the Viscofan Group, see notes 5, 6 and 7 of the Notes to the Consolidated Financial Statements.

For the numerator, projects carried out during the year that can be considered as eligible activities for the CapEx indicator, as indicated in Article 8 of the Regulation, are taken into account.

Calculation of the key performance indicator for operating expenses (OpEx)

To calculate the OpEx indicator, the Viscofan Group's accounting accounts for research and development expenses, building renovation measures, short-term leasing expenses and maintenance and repairs or expenses to ensure the proper functioning of the assets have been identified. The sum of these accounts is the denominator.

For the numerator, the breakdown of the accounts by Cost Centre has been extracted by analysing the nature of the expenditure in order to identify whether it is associated with an eligible activity as indicated in Article 8 of the Regulation.

The tables with the calculations of the indicators can be found in the Annex Tables of environmental taxonomy indicators of this Consolidated Management Report.

This Annex also contains the standardised templates for the information referred to in Article 8(6) and (7) of Delegated Regulation (EU) 2022/1214 of 9 March 2022 for the applicable key performance indicators on fossil gas activities.

2.4. Social Pillar

2.4.1. Work management

People are the differential value on which the future of Viscofan is built. Over 5,300 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, equality and non-discrimination
- Health and safety
- Quality in employment
- Salary gap
- Training

Our commitment to Sustainable Development Goals. Procedural pillar

SDG 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. 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. Guaranteeing freedom of association and collective bargaining. Creating a stable working environment, supporting full-time permanent contracts, in a climate of respect and non-discrimination. 88% 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. Maintaining public-private partnerships with universities to carry out projects that contribute to sustainable economic growth.

2022 highlights

- In 2022, there was a 4.6% increase in the group's average workforce due to the recruitment needs associated with increased production capacity.

- The percentage of women in managerial positions continues to increase, rising to 19.6%, although it is still far from the 30% target for 2030.
- In a context of increased production activity, the Group's accident rate increased from 0.20% in 2021 to 0.26% in 2022, although it is below the average of the last five years.

Human team

Viscofan is made up of a large team of professionals in 20 countries where the company is present, reflecting its marked international character and a multicultural, competitive, qualified team in constant training, which shares solid values and 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 2022 amounted to 5,317 people, a rise of 4.6% (234 people) compared to the average workforce reported the previous year, due to the hiring needs to deal with production increases. Of this workforce, 3,783 are men (3,612 in 2021), and 1,534 are women (1,471 in 2021).

At 2022 year-end, the workforce comprised 5,510 employees (up 6.3% on the workforce at 2021 year-end), of which 3,899 are men (3,688 in 2021) and 1,611 women (1,494 in 2021).

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

	2022				2021			
Breakdown of the average workforce by country	Men	Women	TOTAL	% covered by agreement	Men	Women	TOTAL	% covered by agreement
Spain	689	253	941	66%	644	226	870	68%
Czech Republic	374	294	668	100%	367	280	647	100%
Serbia	437	237	674	100%	406	223	629	100%
Germany	484	80	564	81%	473	76	549	81%
Belgium	59	12	71	100%	58	10	68	100%
France	7	7	14	100%	7	8	15	100%
United Kingdom	10	2	12	0%	6	8	14	0%
Russia	4	2	6	0%	4	2	6	0%
EMEA	2,064	886	2,950	**85%**	1,965	833	2,798	86%
China	227	151	378	0%	211	142	353	0%
Australia	57	18	74	39%	55	14	69	42%
Thailand	6	9	15	0%	8	5	13	0%
New Zealand	4	3	7	0%	10	2	12	0%
Japan	1	0	1	0%	-	-	-	-
India	0	1	1	0%	-	-	-	-
APAC	**295**	**182**	**476**	**6%**	**284**	**163**	**447**	**6%**
US	436	170	606	48%	418	184	602	51%

Mexico	521	115	635	73%	464	93	557	69%
Canada	38	16	54	0%	59	30	89	0%
Costa Rica	6	8	14	0%	8	8	16	0%
NORTH AMERICA	1,001	309	1,310	**58%**	949	315	1,264	55%
Brazil	355	145	500	100%	344	146	490	100%
Uruguay	68	13	81	95%	70	14	84	95%
SOUTH AMERICA	423	158	581	**99%**	414	160	574	99%
TOTAL	3,783	1,534	5,317	**73%**	3,612	1,471	5,083	73%

As part of Viscofan's internationalisation strategy, every year, various initiatives are implemented in the area of international mobility to strengthen the exchange of the Group's best practices to all subsidiaries through benchmarking. In fact, there are numerous projects to share knowledge between the various production plants and to develop specific global training seminars for Group workers.

Since the outbreak of the COVID-19 pandemic in 2020, the Group has had to adapt to the difficulties and constraints inherent in this situation. However, international mobility within the Group remained stable, with an average of 34 employees that participated in international projects and which were posted abroad for long durations (38 in 2021). 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 travel restrictions and reduce the risk and the associated economic and environmental costs.

In this regard, it should be noted that 65% of the top local managers in the countries where Viscofan has a production or commercial company are recruited from the local community, i.e. they were born in the country where they hold their position.

Age

The team combines young talent and experience. The average age of the staff is 41 years. Of the total of the average workforce, 32% are people under 35 years old, 43% are between 35 and 50 years old, and 25% are over 50 years old.

	2022			2021		
Breakdown of average workforce by age	Men	Women	Total	Men	Women	Total
17-34 years old	1,199	516	1,715	1,099	499	1,598
35-50 years old	1,557	705	2,262	1,482	665	2,147
More than 50 years old	1,027	313	1,340	1,031	307	1,338
TOTAL	3,783	1,534	5,317	3,612	1,471	5,083

	2022			2021		
Average workforce by age and contract type	Permanent Contract	Temporary Contract	TOTAL	Permanent Contract	Temporary Contract	TOTAL

17-34 years old	1,314	401	1,715	1,272	326	1,598
35-50 years old	2,062	200	2,262	2,004	143	2,147
More than 50 years old	1,296	44	1,340	1,299	39	1,338
TOTAL	4,672	645	5,317	4,575	508	5,083

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 17% are specialised personnel. Within this industrial context, Viscofan is committed to stable quality employment, and 88% of the workforce have permanent contracts and 99% are full-time workers.

	2022			2021		
Average workforce. Type of contract	Men	Women	TOTAL	Men	Women	Total
With permanent contract	3,372	1,300	4,672	3,274	1,301	4,575
Temporary contract	411	234	645	338	170	508
TOTAL	3,783	1,534	5,317	3,612	1,471	5,083

	2022			2021		
Average workforce. Workday type	Men	Women	TOTAL	Men	Women	Total
Full-time contract	3,749	1,505	5,254	3,577	1,439	5,016
Part-time contract	34	29	63	35	32	67
TOTAL	3,783	1,534	5,317	3,612	1,471	5,083

	2022			2021		
Average workforce by category	Men	Women	TOTAL	Men	Women	TOTAL
Management	107	26	133	101	22	123
Technicians and Department Heads	932	357	1,289	896	341	1,237
Administrative personnel	54	178	232	57	176	233
Specialised personnel	699	230	929	670	229	899
Workers	1,991	743	2,734	1,888	703	2,591
TOTAL	3,783	1,534	5,317	3,612	1,471	5,083

	2022			2021		
Average workforce by category and type of recruitment	With permanent contract	Temporary contract	TOTAL	With permanent contract	Temporary contract	TOTAL

Management	132	1	133	121	2	123
Technicians and Department Heads	1,213	76	1,289	1,197	40	1,237
Administrative personnel	207	25	232	215	18	233
Specialised personnel	823	106	929	813	86	899
Workers	2,297	437	2,734	2,229	362	2,591
TOTAL	4,672	645	5,317	4,575	508	5,083

	2022			2021		
Average workforce by category and part-time	Men	Women	TOTAL	Men	Women	TOTAL
Management	1	0	1	1	0	1
Technicians and Department Heads	10	6	16	11	6	17
Administrative personnel	2	8	10	2	8	10
Specialised personnel	4	6	10	3	7	10
Workers	17	9	26	18	11	29
TOTAL	34	29	63	35	32	67

	2022			2021		
Average workforce by age and part-time	Men	Women	TOTAL	Men	Women	TOTAL
17 - 34 years old	7	8	15	7	8	15
35 - 50 years old	7	7	14	7	10	17
More than 50 years old	20	14	34	21	14	35
TOTAL	34	29	63	35	32	67

In a growing group, talent management policies such as selection and recruitment, training and career development are key to ensuring leadership continuity. In this regard, these areas are being promoted, updating talent management policies and developing internal employee communication channels (People channel) through which employees can access the company's job offers. Likewise, the attraction of talent is promoted through various Employer Branding activities, including the promotion of relations with different educational centres and the offer of internships at international level, for which the Viscofan Global Graduate Program has been created.

Viscofan aspires to be a company where the talent of its employees can develop and reach the highest level. In 2022, José Antonio Canales, CEO of the Group, received the Navarre Manager of the Year award from the Association for Progress in Management (APD) and Diario de Navarra. Previously, 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 1,137 employees with university degrees (1,061 in 2021), of which 44 had a doctorate (50 employees in 2021). 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 the companies in the sector.

Average workforce by gender and category	2022		2021	
	Men	Women	Men	Women
Management	80.4%	19.6%	82.1%	17.9%
Technicians and Department Heads	72.3%	27.7%	72.4%	27.6%
Administrative personnel	23.3%	76.7%	24.5%	75.5%
Specialised personnel	75.2%	24.8%	74.5%	25.5%
Workers	72.8%	27.2%	72.9%	27.1%
TOTAL	71.1%	28.9%	71.1%	28.9%

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. That is why we have set ourselves the target of 30% women in management by 2030.

Talent management identifies opportunities to incorporate the under-represented gender, both with internal and external candidates, in those positions that are foreseen in the future based on vacancies, growth opportunities or within the succession plan.

The trend in the objective is as follows:

Base 100 year 2018	2030 Commitment	2022	2021	2020	2019	2018
Percentage of women in executive posts	30%	19.6%	17.9%	14.8%	15.4%	15.6%

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 evaluating the previous plan, analysing 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 other countries to perform certain tasks that contribute to developing our production activity. It also employs people with disabilities. It also employs people with disabilities. The breakdown of this heading is as follows:

2022			2021		
Men	Women	TOTAL	Men	Women	TOTAL

No. of employees with disability	65	6	71	67	6	73

Furthermore, in the area of equality, Viscofan has joined the CEO alliance for Diversity, a pioneering initiative in Europe, in which a total of 81 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 to 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.

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.

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 2022, 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.

	2022	2021	2020
Average workforce	5,317	5,083	4,967
Revenue in Mn €	1,201	969	912
Revenue per employee (thousands of €)	225.9	190.7	183.6

The average workforce increased by 4.6% in 2022 as opposed to 2021, situating the net variation in employment[1] at 234 people. The net variation in employment by category, gender and age is broken down as follows:

Net variation in employment	2022			2021		
Breakdown by age	Men	Women	TOTAL	Men	Women	TOTAL
Between 17 and 34 years old	100	17	117	34	20	54
Between 35 and 50 years old	75	40	115	42	23	65
More than 50 years old	-4	6	2	14	-17	-3
TOTAL	171	63	234	90	26	116

Net variation in employment	2022			2021		
Breakdown by category	Men	Women	TOTAL	Men	Women	TOTAL
Management	6	4	10	-3	4	1
Technicians and Department Heads	36	16	52	21	8	29
Administrative personnel	-3	2	-1	0	-2	-2
Specialised personnel	29	1	30	0	13	13
Workers	103	40	143	72	3	75
TOTAL	171	63	234	90	26	116

The importance of these stakeholders - the employees - can be seen in the generated and distributed value table. In 2022, employees received €236 million of the total value generated by the Group (€208 million in 2021).

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 2022, which stands at 3.5% (4.4% in 2021).

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.

The breakdown of average redundancies by category, age and gender is as follows, having increased by 22.6% in a context of the reorganisation of operations in North America:

Average number of redundancies by category	2022	2021
Management	2	3
Technicians and Department Heads	17	12
Administrative personnel	4	9
Specialised personnel	15	3
Workers	65	57
TOTAL	103	84

[1] The net variation in employment is calculated as the difference between the 2022 average work force and the 2021 average work force.

Average workforce redundancies by age	2022	2021
Between 17 and 34 years old	55	30
Between 35 and 50 years old	32	34
More than 50 years old	16	20
TOTAL	103	84

Average workforce redundancies by gender	2022	2021
Men	76	57
Women	27	27
TOTAL	103	84

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.

Average annualised gross remuneration[2] expressed in euros per category and age is as follows:

Average remuneration (€)	2022	2021
Management *	219,816	127,103
Technicians and Department Heads	51,196	46,462
Administrative personnel	33,488	31,801
Specialised personnel	27,836	26,326
Workers	27,138	25,504
TOTAL	36,805	32,610

**Excludes executive directors' remuneration in 2022 and 2021*

Average remuneration (€)	2022	2021
17 - 34 years old	25,848	22,641
35 - 50 years old	33,999	30,848
More than 50 years old	59,254	50,860
TOTAL	36,805	32,610

The increase in average remuneration in 2022 compared to 2021, especially for directors and key personnel of the organisation, largely corresponds to the payment in this financial year of the long-term variable remuneration contemplated in the Long-Term Incentive Plan for the 2019-2021 period, whose objectives have reached a level of compliance of 102%.

Minimum wage paid in the country vs the legal minimum wage in the country:

[2] Gross remuneration excludes remuneration to executive directors, expatriates and those who cannot be standardised in an annual remuneration because of their special nature.

Minimum wage paid in the country vs legal minimum wage in the country (% difference over minimum wage)	
Spain	111%
Czech Republic	16%
Germany	87%
Serbia	5%
Belgium	65%
United Kingdom	52%
France	9%
Russia	N/A
China	5%
Thailand	103%
Australia	19%
New Zealand	19%
Canada	0%
US	47%
Mexico	36%
Brazil	86%
Uruguay	19%
Costa Rica	74%
Japan	N/A.
India	N/A

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 €36,805 (€32,610 in 2021): €40,215 for men (€35,218 in 2021) and €28,525 for women (€26,168 in 2021). 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.

In order to be able to carry out internal monitoring of possible gender-based pay differentials, the guidelines of the job evaluation project carried out in Spain in 2021 have been followed, with the aim of identifying comparable grades, i.e. those which, due to the nature of the functions or tasks effectively entrusted, the educational, professional or training conditions required for their exercise, the factors strictly related to their performance and the conditions in which these activities are carried out, 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 fixed salaries of men and women with respect to the fixed 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:

	2022	2021	2020
Grade	GPG avg by Company/ Grade (Weighted Female)	GPG avg by Company/ Grade (Weighted Female)	GPG avg by Company/ Grade (Weighted Female)
Germany	11.0%	7.3%	14.2%
Australia	7.8%	2.7%	7.8%
Belgium	0.0%	-1.9%	2.1%
Brazil *	12.7%	17.1%	16.3%
Canada *	1.2%	12.7%	13.7%
China	10.8%	6.8%	17.0%
Costa Rica	-84.5%	-2.7%	-27.2%
Czech Republic	9.3%	11.9%	15.0%
Spain	8.8%	11.2%	9.9%
France	1.3%	6.0%	11.9%
Mexico *	6.9%	15.3%	15.6%
New Zealand	4.8%	-2.4%	19.9%
Russia	4.3%	5.1%	3.3%
Serbia	5.6%	2.6%	4.2%
Thailand	-16.1%	25.5%	24.0%
United Kingdom	-9.9%	-22.9%	-35.6%
Uruguay	6.1%	5.1%	11.1%
US	19.4%	12.6%	13.1%

* Excludes workplaces with a gender representation of less than 5%.

If we compare the last two years, the most significant changes in the wage gap have occurred in Costa Rica (-84.5% in 2022 vs -2.7% in 2021), Thailand (-16.1% in 2022 vs 25.5% in 2021) and the UK (-9.9% in 2022 vs -22.9% in 2021), commercial branches with small staff sizes and individualised salary conditions. In addition, to provide comparable information, the table presented excludes from the calculation those centres where one of the two genders is under-represented (less than 5% of the workforce), which is the case in Brazil, Canada and Mexico.

The individual remuneration of all members of the Board of Directors is detailed in the Annual Report on Remuneration in section 4. of this Directors' Report.

Moreover, the Group makes contributions to various 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 combining 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 the corporate and local level, which have allowed continuity to be given to training activities that could not be given face-to-face. Over the past year, work has been carried out on the development of Viscoacademy, with the aim of housing all the group's training on a single platform, thus promoting knowledge sharing.

As part of this continuous training, February 2022 saw the start of the global roll-out of the Leadership Programme, an education and training programme aimed at establishing a common leadership model in the Group aligned with the company's values. The Leadership programme consisted of 4 different sessions, in which Viscofan leaders had the opportunity to learn tools and be trained in competencies such as: Viscofan DNA, constructive feedback, communication with the manager, and teamwork. Over the past year, several sessions of the Leadership Programme were completed in 10 of the 11 countries where deployment was envisaged (the COVID-19 situation forced the postponement of the programme's deployment in China, where it is scheduled to take place in the first half of 2023).

The Transversal Leadership Programme was also launched last year, aimed at people who, although they do not have a hierarchical team, need to drive and manage people in the organisation to achieve the desired objectives, mainly with regard to transversal projects.

For all this commitment to human capital training, the group has invested €1.4 million (€1.4 million in 2021), of which €0.26 million (€0.3 million in 2021) correspond to training and explicit awareness in health and safety (more information in the workplace safety section).

	2022			2021		
Training	Men	Women	Total	Men	Women	Total
Number of hours	43,221	24,496	67,717	37,385	19,333	56,718
Average number of hours per employee	11.4	16.0	12.7	10.4	13.1	11.2
% of employees who have received training	93.9%	95.1%	94.3%	89.0%	88.1%	88.7%

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 3,539 hours, compared to the 4,933 hours invested in 2021.

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

	2022			2021		
Training. Number of hours by category	Men	Women	Total	Men	Women	Total
Management	1,581	997	2,578	972	498	1,470
Technicians and Department Heads	17,664	10,160	27,825	14,773	6,627	21,400
Administrative personnel	654	3,972	4,626	644	2,042	2,686
Specialised personnel	6,937	4,561	11,497	6,720	6,032	12,752
Workers	16,385	4,806	21,191	14,276	4,134	18,410
TOTAL	43,221	24,496	67,717	37,385	19,333	56,718

The total number of hours spent on training reported in 2022 has increased by 19% compared to the previous year.

Facilitating training is one of the most effective measures to encourage 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 2022, there were an average of 44 internships (51 in 2021).

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 ongoing 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 2022, 44% of the Group's staff was subject to a performance assessment process, compared with 40% in the previous year. The breakdown by gender and professional category is as follows:

	2022				2021			
Performance assessment	Men	Women	TOTAL	% average workforce	Men	Women	TOTAL	% average workforce
Management	98	23	122	92%	90	13	103	84%
Technicians and Department Heads	605	218	823	64%	536	211	747	60%
Administrative personnel	28	87	115	49%	28	79	107	46%
Specialised personnel	220	102	322	35%	209	100	309	34%
Workers	660	294	954	35%	575	189	764	29%
TOTAL	1,611	723	2,335	44%	1,438	592	2,030	40%

In line with the development of a high-performance culture, in 2022, 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 bilateral evaluation through the implementation of multi-year global opinion surveys (Viscofan Opinion Survey). In this regard, the fourth Viscofan Group opinion survey was carried out in 2022 with a response rate of 68%. Two key dimensions were explored throughout this survey: “Engagement” and “Enablement”. In the “Engagement” dimension, which refers to the employees' commitment to the company, the result obtained indicated that 67% of the participants in the survey feel committed to Viscofan. The “Enablement” dimension analyses whether the skills and competencies of Viscofan employees are adequately used in their work, as well as whether the working environment is conducive to their performance. In this case, the result obtained indicated that 66% of the participants consider that their role and environment allow them to develop their skills and perform the functions of their position adequately. The results of the survey have enabled Viscofan's strengths and areas for improvement to be identified in collaboration with Korn Ferry, an international organisational consultancy firm.

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 2022, 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 overseen by the Operational Sustainability department, in close collaboration with the corporate and local Human Resources 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.

Improvements in the field of occupational health and safety in 2022 include the following: the implementation of fire protection projects in Pando (Uruguay), Weinheim (Germany) and Ceske Budejovice (Czech Republic); the renovation of pleating machines in the group, including safety improvements; and the adoption of new collagen and cellulose extrusion technologies in the US plants, which will lead to significant improvements in health and safety conditions in both processes. In addition, the investigation of any incidents and the drawing of lessons for dissemination to the rest of the group is encouraged through monthly meetings of the corporate Operational Sustainability department with all subsidiaries.

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, the Group has an Occupational Health and Safety policy which establishes the following relevant guidelines:

- 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:

	2022	2021	2020
Hours lost per accident	25,014	18,278	23,745

	2022			2021		
	Men	Women	Total	Men	Women	Total
Number of accidents	107	30	137	103	28	131
Occupational diseases	5	0	5	8	3	11

Accident rate [1]	0.28%	0.21%	0.26%	0.21%	0.17%	0.20%
Severity index [2]	0.34	0.26	0.32	0.29	0.14	0.25
Occupational accidents. Frequency [3]	15.9	9.3	14.1	15.3	10.9	14.2
Absenteeism rate [4]	4.83%	5.14%	4.92%	4.60%	6.00%	5.00%

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

In 2022, the accident rate criteria were revised and standardised across the Group, indicating those occurring at the workplace and excluding those occurring in itinere and occupational illnesses. For comparable purposes, the same criterion is maintained for 2021 and 2022.

In 2022, the number of accidents in the group has increased (137 in 2022 vs 131 in 2021), as well as their severity, reaching a severity index of 0.32 (compared to 0.25 in 2021), below the 0.87 benchmark reported by the industrial sector in Spain in 2022. As for the accident rate, it has increased by 0.06 p.p. compared to 2021. The number of occupational diseases, however, has decreased considerably compared to last year (5 cases of occupational diseases in 2022 vs 11 cases in 2021).

Reducing the accident rate is one of Viscofan's priority objectives in the field of health and safety, which is why it has set itself the target of reducing the accident rate by 50% by 2030. The variations in the ratio on a baseline of 100 for 2018 are as follows:

Base 100 year 2018	2030 Commitment	2022	2021	2020	2019	2018
Accident rate	50	91	87	86	96	100

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.

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:

	2022			2021		
Health and Safety Training	Men	Women	Total	Men	Women	Total
Number of hours	14,039	3,306	17,345	16,253	3,061	19,314
Average number of hours per employee	3.7	2.2	3.3	4.5	2.1	3.8
% of employees who have received training	72%	70%	71%	69%	61%	68%

	2022			2021		
Formación en Salud y Seguridad	Hombre	Mujer	Total	Hombre	Mujer	Total
Número de horas	14.219	3.375	17.594	16.253	3.061	19.314
Número medio de horas por empleado	3,8	2,2	3,3	4,5	2,1	3,8
% de empleados que han recibido formación	72%	70%	71%	69%	61%	68%

In order to meet the organisation's occupational health and safety commitments as set out in the group's policy, our plants operate Health and Safety Management Systems based on the guidelines issued by the corporate department and certified according to the ISO 45001 standard, the international benchmark for occupational safety management systems. Most of our plants are currently certified or have plans for certification in the short term (2024).

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

Country	Plant	Certified	
Spain	Cáseda	ISO 45001	Yes
	Urdiain	ISO 45001	Yes
Czech Republic	Ceske Budejovice	ISO 45001	Yes
Germany	Weinheim	ISO 45001	Yes
Serbia	Novi Sad	ISO 45001	Yes
Belgium	Hasselt	ISO 45001	Yes
China	Suzhou extrusion	ISO 45001	Yes
	Suzhou converting	ISO 45001	Yes
US	Danville	*ISO 45001*	Planned for 2024
	Montgomery	*ISO 45001*	Yes
	New Jersey	*ISO 45001*	Yes
Mexico	San Luis	ISO 45001	Yes
	Zacapu	ISO 45001	Yes
Uruguay	Pando	ISO 45001	Yes
Brazil	Itu	ISO 45001	Yes
	Ermelino	ISO 45001	Yes

2.4.2. Taking care of the supply chain

With our products and global positioning we contribute to the nutrition and well-being of millions of people, which requires responsible management of the entire supply chain. From the selection of raw materials, the cooperation with our suppliers on efficiency, social and environmental challenges, to the relationship with our customers, helping them to meet the changing needs of consumers and solve their sustainability challenges, while facilitating food safety.

Material aspects

- Sustainable supply chain management
- Human rights
- Consumer health

Our commitment to Sustainable Development Goals. Procedural pillar

SDG 2. Zero hunger	We include in our portfolio products adapted to the standards of the Islamic religion (Halal) and to the standards of the Jewish religion (Kosher), taking into account the cultural particularities 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 meat manufacturing processes, contributing in the long term to meeting the growing demand for food.
SDG 8. Decent work and economic growth	Through the Supplier Code of Conduct, Viscofan establishes a series of ethical, social and environmental commitments that all its suppliers must comply with.
SDG 12. Responsible consumption and production	Viscofan is committed to sustainability in the main raw materials used. Our production policy in proximity through a production presence of up to 19 factories contributes to reducing the impact of transportation on the environment. We have food safety and quality certifications. We promote energy efficiency throughout the value chain, developing packaging that minimises waste generation - such as gas emissions and wastewater generation, among others - during manufacturing and subsequent processing.

2022 highlights

- In the face of disruptions in global supply chains and accelerating growth in the casing market, Viscofan's strategy has been to collaborate and promote with key suppliers to secure and increase supply in order to keep plants operational and service customers.
- In January 2022, the Board of Directors of Viscofan S.A. approved the Viscofan Supplier and Intermediary Code of Conduct.
- In the Multi-Year Incentive Plan for the 2022-2024 period established for Viscofan's executive directors, managers and other key personnel, a target has been included for audits of compliance with Viscofan's Supplier Code of Conduct in the volume equivalent to 50% of purchases from suppliers of cellulose, collagen skins, cellulose paper and polyamide suppliers.
- 100% of our production plants are certified by the Global Food Safety initiative. In addition, 71% of the production plants have obtained the maximum mark (AA) in the BRC food safety certificate

Supplier relations

Viscofan expects suppliers to comply with applicable laws and to follow recognised environmental, social and governance standards. The Group also makes a global commitment to its suppliers and establishes relationships with them based on respect and trust, and on the quality of products and services,

As a result of this objective and commitment, Viscofan has implemented outstanding elements in supplier management:

Codes and policies:

Supplier Code of Conduct: approved in 2022 by the Board of Directors, seeks to extend Viscofan's culture to suppliers of goods or services in terms of compliance with applicable laws and generally accepted standards, ethical behaviour, labour practices, the environment, the legality of goods and raw materials, and respect for the communities in which they operate.

This Code has been sent to the main raw material suppliers in 2022 and their signed acceptance has been requested.

Sustainability Policy: This establishes commitments and actions for the responsible management of the supply chain from the point of view of human rights, respect for the environment and the fight against climate change.

Code of Conduct and Human Rights Policy: Viscofan rejects any type of child labour and, in accordance with this, a commitment similar to that included in our code of ethics is requested from suppliers.

Anti-Corruption Policy, which includes the company's commitment to fight against bribery and corruption, and establishes the dealings and commercial relationships with third parties.

Whistleblowing channel: All suppliers can contact the Viscofan Ethics and Compliance Committee through the channel provided for this purpose on the website.

Selection and approval

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 particular, the 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.

Moreover, all suppliers of raw materials, packaging and maintenance must approve an internal approval procedure consisting of 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. In Europe, this must comply with the European regulations on the welfare of animals at the time of slaughter.

Commitment to verification and compliance with the Supplier Code of Conduct

As part of the new 2022-2025 Sustainability Action Plan and on the basis of the Supplier Code of Conduct, a commitment has been made to conduct audits of compliance with the Code.

In this respect, within the multi-year incentive plan for the 2022-2024 period for Viscofan's executive directors, managers and other key personnel, the objective has been set to carry out audits on compliance with Viscofan's Supplier Code of Conduct in 2024 on a volume equivalent to 50% of purchases from suppliers of cellulose, collagen skins, cellulose paper and polyamide suppliers. This target has been extended to 100% by 2030.

Value creation and local suppliers

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 2022, the company allocated €739 million to reflect the distribution of value to suppliers of goods and services, and 52% of raw materials were purchased from local suppliers[3] (52% in 2021), which favours the economic development of the communities in which Viscofan is present.

Average Payment Period - Reporting Requirements in Spain

The payment period for the Viscofan Group during 2022 was 24 days (2021: 23 days), which is lower than the maximum established by payment arrears regulations.

Likewise, the monetary volume and number of invoices paid in a period lower than the maximum established in the late payment regulations and the percentage that they represent of the total number of invoices and of the total monetary payments to suppliers is detailed in note 15 of the Consolidated Annual Report.

Helping our customers grow

Our casings facilitate access to basic food to the world's population, achieve greater efficiency in production, following strict quality and food safety controls, and clarity in labelling. Listening to the customer is key to meeting these demands in order to offer them the most suitable product and to promote them in order to achieve a more sustainable industry.

Product safety and food hygiene

[3] Local suppliers are understood as those with a tax domicile in the same country where Viscofan makes the purchase.

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. In this regard, all the Group's plants are Global Food Safety Initiative (GFSI) certified, which is an initiative of key food industry partners working together to drive continuous improvement in food safety management systems around the world.

Viscofan also has internationally recognised certifications for meat processors to approve their suppliers and market their products in the world's main distribution chains, and as part of its commitment to food safety and hygiene, it seeks to improve on the marks obtained with these certificates. This effort and commitment has paid off in 2022, with 71% of the plants obtaining the maximum (AA) rating in the BRC food safety certificate, a considerable improvement compared to 40% five years ago.

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:

Country	Plant	Certifications	
		Food safety	Quality
Spain	Cáseda	BRC Pack	ISO 9001
		BRC Food	
	Urdiain	BRC Pack	
Czech Republic	Ceske Budejovice	BRC Pack	ISO 9001
		BRC Food	
Germany	Weinheim	BRC Food	ISO 9001
	Alfhausen	BRC Pack	
Serbia	Novi Sad	BRC Pack	ISO 9001
		BRC Food	

Belgium	Hasselt	BRC Pack	ISO 9001
China	Suzhou	BRC Pack BRC Food	ISO 9001
Canada	Montreal Moncton	BRC Pack BRC Food	
US	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	ISO 9001

The Viscofan Group is also Halal and Kosher certified. 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.

In addition, within the New Business division, the Weinheim (Germany) plant has a Bioengineering unit with DIN ISO 9001 quality control certificates for the industrial production of collagen-based biomaterials and EN ISO 13485 for medical grade collagen products.

Customer satisfaction

2022 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, especially in China. 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 41% market share that has placed their trust in our products in 2022.

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 322 questionnaires were sent out and an 80% 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 2022, a total of 3,927 complaints were registered in our systems[4], including both service and administrative or product complaints, compared to 3,532 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.

In 2022, 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.

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 artificial 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 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.

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

2.4.3. Local communities

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 2022, Viscofan implemented different social initiatives through the help of different bodies and institutions in the communities in which it is present, while collaborating with institutions or research centres.

Material aspects
• Human Rights • Local communities

Our commitment to Sustainable Development Goals. Procedural pillar	
SDG 2. Zero hunger	Donations to NGOs to fight hunger, especially in the context of the crisis generated by COVID-19 Development of specific products to combat malnutrition.
SDG 3. Good health and well-being	Grants for the improvement of health facilities and equipment in hospitals, senior citizens' centres, paediatric centres and centres for the care of disabled persons. R&D&i seeking solutions based on our knowledge for the development of Advanced Therapies in our Bioengineering division and food supplement products.
SDG 8. Decent work and economic growth	Working towards full, productive and decent employment for people with disabilities. Promote the formation and growth of microenterprises and SMEs for the creation of decent jobs. Support for public institutions in projects to promote local industry.

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. 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 description of Viscofan's priority SDGs can be found in section 2.1.2 Business Model of this Management Report. Viscofan also contributes to other SDGs with projects to support local communities in several countries where it is present. As a whole, the amount earmarked in 2022 was €305 thousand (€288 thousand in 2021).

Within the projects, Viscofan contributes with donations to the improvement of facilities and health equipment in hospitals, senior citizen centres, paediatric centres and centres for the care of disabled people in various countries. In addition, donations are made to various NGOs to support local projects and micro-projects in the fight against hunger and poverty.

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

Country projects	Description	Sustainable Development Goals
Spain		
Activities for the promotion, preservation and dissemination of culture and knowledge	Support for seminars to disseminate the culture and artistic heritage of Navarre, including sponsorship of the recovery of artistic works. Contributions to the creation of a new space to promote the training of students from different faculties, multidisciplinary and applied research into biodiversity and the environment and scientific dissemination.	SDG 4. Quality education SDG 17. Partnerships to achieve goals
Support for foundations for the promotion of local development and international relations	Support to foundations aiming at local and regional development, promotion of knowledge and support of international relations for job creation 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 goals
Support to non-profit organisations	Financial contributions to various non-profit organisations providing funds for research in the fight against chronic diseases and supporting those who suffer from them.	SDG 3. Good health and well-being
Aid to NGOs fighting hunger and poverty	Financial and food donations for the fight against hunger and the effects of poverty, as well as the humanitarian crisis caused by the war in Ukraine.	SDG 1. End poverty SDG 2. Zero hunger SDG 10. Reducing inequalities
Germany		
Support for disadvantaged groups	Support for the reconstruction of the former farmhouse in Weinheim to accommodate families and orphans in view of the increased needs following the humanitarian crisis caused by the war in Ukraine. Donations to facilitate the distribution of food to people in need.	SDG 1. End poverty SDG 2. Zero hunger SDG 3. Good health and well-being
Actions for the promotion of sport and culture	Donation of sports equipment and funds for the practice of sport with special emphasis on the promotion of youth sport.	SDG 3. Good health and well-being SDG 4. Quality education

	Support for institutions promoting culture through music, ballet and performance, especially aimed at promoting culture among children and young people.	
Belgium		
Promoting responsible production and consumption	Donation for the installation of beehives in companies with the aim of increasing the bee population.	SDG 12. Responsible consumption and production SDG 15 Lives of terrestrial ecosystems SDG 13. Climate action
Aid to vulnerable groups	Support for Extravaganza Tour, a charity tour for abused children. Support for the De Kleine Vincent project to help families with children to buy healthy food.	SDG 2. Zero hunger SDG 3. Good health and well-being
USA		
Support to non-profit associations	Support for the Monogram Loves Kids Foundation to promote research into childhood illnesses. Financial contribution to the Young Life project aimed at children and young people.	SDG 1. End poverty SDG 3. Good health and well-being SDG 4. Quality education
Canada		
Support for medical research and health facilities	Donation to Harvest Meats to support their Health Foundation project by raising funds for the purchase of medical equipment for the ICU at Yorkton Hospital. Donation to the Centre de Pediatrie Sociale Laval to cover the medical care needs of sick children. Funds to support research into childhood diseases.	SDG 3. Good health and well-being
Aid to vulnerable groups	Donation in favour of people with disabilities. Donation of proceeds from a volleyball tournament to Osmow's Shawarma's Osmow's Hope Fund project to serve homeless shelters	SDG 1. End poverty SDG 2. Zero hunger SDG 3. Good health and well-being SDG 10. Reducing inequalities

	and food banks throughout the Toronto area and beyond. Support for SJ Fine Foods to fund education and home building in Africa and Asia.	SDG 17. Partnerships to achieve goals
Actions for the promotion of sport	Sponsorship of hockey team and financial contribution to cover competition costs.	SDG 3. Good health and well-being
Serbia		
Support for disadvantaged groups	Purchase of non-perishable food and hygiene items to be delivered to Ukrainians in need through the Ukrainian Embassy in Belgrade. Donation of a convection oven to Ukrainian refugees at the Vranje Refugee Centre (Serbia).	SDG 2. Zero hunger SDG 10. Reducing inequalities SDG 17. Partnerships to achieve goals
Donation to non-profit associations	Donation of money, sausages and hygiene items to Soup Kitchen, the Red Cross soup kitchens in Novi Sad, and to the Children's Village in Sremska Kamenica. Donation of plastic caps to the organisation “With stupple to the smile” for the purchase of wheelchairs for disabled people.	SDG 2. Zero hunger SDG 3. Good health and well-being
Brazil		
Aid to vulnerable groups	To cover the monthly maintenance costs of the Football, School and Citizenship social inclusion project. Financial donation to the CAEF home for the elderly (Reception centre for needy families, Ermelino Matarazzo). Donation of clothes to the NGO Projeco Bom Samaritano.	SDG 1. End poverty SDG 10. Reducing inequalities
United kingdom		
Aid to vulnerable groups	Donation of food for homeless or vulnerable people.	SDG 2. Zero hunger

Donation to non-profit associations	Financial donation to the British Heart Foundation. Financial donation to Diabetes UK.	SDG 3. Good health and well-being
Uruguay		
Aid to vulnerable groups	Collaboration contract for the comprehensive education of young people in the area. The aim of this association is to promote the integration of young people and women into the labour market.	SDG 4. Quality education SDG 8. Decent work and economic growth

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). An association of leading producers of collagen casings worldwide that provides a forum for its members to discuss the development of legislation and actively promote the use of collagen casings.

-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 and 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 Technical Industrial Development (CDTI) and the Ministry of Economy and Competitiveness (MINECO) in Spain, the Federal Ministry of Education Research in Germany, the National Science and Technology Council (CONACYT) in Mexico, the Institute for Technological Research (IPT) in Brazil and the Federal, Illinois and New Jersey R&D Credit of the US Federal Government, the State of Illinois and the State of New Jersey.

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 implants based on collagen and gelatine to regenerate injured tendons and cartilage, representing an innovative technique that will enable a greater and more rapid recovery of tissue.

2.4.4. Responsible taxation

Viscofan is aware of the social impact its activity generates: from direct or indirect employment generated by its implementations 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) for which it contributes through the corresponding taxes. In 2022, income tax payments amounted to €44 million as a result of the Group's business activities in different countries. Additional information on taxes is detailed in note 18 to the consolidated financial statements. There is information about capital grants in note 13 of the consolidated annual accounts.

As a result of the relationships described in the previous point, joint projects have arisen with which we have collaborated and for which we have received financial support through grants and loans from official bodies. 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 €12.2 million (note 16 to the consolidated financial statements).

2.5. Economic and financial pillar

2.5.1. Stock market performance

Stock markets

In 2022, the global economy has been hit by several negative forces that are slowing current and projected growth.

Russia's invasion of Ukraine, in addition to the loss of life and destruction of resources, has caused an unprecedented energy crisis in Europe, as well as an increase in the price of raw materials.

This situation, together with persistent mismatches between supply and demand, has generated inflationary pressures not seen in decades, impacting, among other things, on the cost of living for households.

High inflation rates have led major central banks to shift their strategies towards restrictive monetary policies with interest rate hikes and the draining of liquidity from financial markets.

In China, meanwhile, the population confinements caused by the zero COVID-19 policy are slowing down the growth of the Asian country and, because of its importance in international trade, that of the rest of the world.

In the currency market, 2022 has been the year of the US$, which has appreciated significantly against the major peers, and in particular against the Euro has reached parity due to its safe haven status, a faster tightening of monetary policy by the Fed (the US Central Bank), and instability in Europe, largely due to the war in Ukraine.

Nevertheless, the IMF[5] projects global GDP growth to decelerate from +6.2% in 2021 to +3.4% in 2022 and +2.9% in 2023.

The main world stock markets have ended below the level they started 2022 as a reflection of this adverse macroeconomic context. In the United States, the S&P 500 index declined by -19.4% in 2022, and in Europe, the Euro Stoxx 600 fell by -12.9%, the German DAX by -12.3%, and in Spain the Ibex 35 by -5.6%.

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 at European level to the Euro Stoxx Food and Beverage index and the Stoxx Europe 600 index.

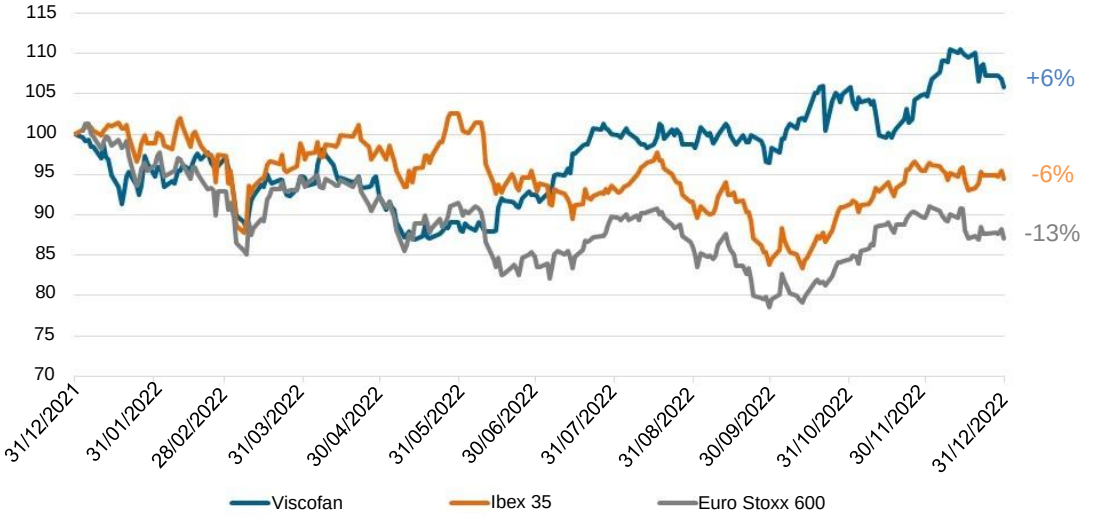
[5] Source: IMF. World Economic Outlook Update, January 2023

2022 performance

During the year, the share has been influenced by a complicated and volatile context for the financial markets, having traded at an annual low of €48.92 per share in March, although the solidity of the financial results published has been recognised by the market, with the share reaching an annual high of €63, 65 in the month of December, to finally close the year at €60.20, an increase of 5.8% and which increases to 9.0% after including the shareholder remuneration paid during the year, a performance which contrasts with the falls in the main world stock exchanges.

The average daily market price in the year was €55.4 per share and Viscofan's market capitalisation stood at €2,799 million at the end of 2022.

Evolution of the Ibex 35, Euro Stoxx 600 and Viscofan in 2022.*



**Graph on a baseline of 100 since 31 December 2021*

In addition, nearly 14 million Viscofan shares were traded on the Spanish continuous market during the year, with cash traded of €763 million, equivalent to a daily average of €3.0 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. In this regard, over the last 10 years, the dividend per share distributed in cash by Viscofan has grown by an annual average of 6% from €1.10 in 2012 to the €1.95 proposed by the Board of Directors to be charged to the profit for the financial year 2022.

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 3.5%, reaching 5.9% if we take into account shareholder remunerations.

IBEX 35 performance compared to Viscofan

Year of purchase (31/12)		2013	2014	2015	2016	2017	[illegible] (31/12) 2018	2019	2020	2021	2022	APR
2012	Viscofan	-3.4%	2.9%	30.0%	9.4%	28.5%	12.4%	10.0%	35.6%	32.9%	40 6%	*3.5%*
2012	**Ibex 35**	**21.4%**	**25.9%**	**16.9%**	**14.5%**	**23.0%**	**4.6%**	**16.9%**	**-1.1%**	**6.7%**	**0.8%**	**0.1%**
2013	Viscofan		6.6%	34.6%	13.3%	33.0%	16.4%	13.9%	40.4%	37.6%	45.6%	*4.3%*
2013	**Ibex 35**		**3.7%**	**-3.8%**	**-5.7%**	**1.3%**	**-13.9%**	**-3.7%**	**-18.6%**	**-12.1%**	**-17.0%**	**-2.1%**
2014	Viscofan			26.3%	6.3%	24.8%	9.2%	6.9%	31.7%	29.1%	36.6%	*4.0%*
2014	**Ibex 35**			**-7.2%**	**-9.0%**	**-2.3%**	**-16.9%**	**-7.1%**	**-21.5%**	**-15.2%**	**-19.9%**	**-2.7%**
2015	Viscofan				-15.8%	-1.1%	-13.5%	-15.3%	4.3%	2.3%	8.2%	*1.1%*
2015	**Ibex 35**				**-2.0%**	**5.2%**	**-10.5%**	**0.1%**	**-15.4%**	**-8.7%**	**-13.8%**	**-2.1%**
2016	Viscofan					17.4%	2.7%	0.5%	23.9%	21.5%	28.5%	*4.3%*
2016	**Ibex 35**					**7.4%**	**-8.7%**	**2.1%**	**-13.7%**	**-6.8%**	**-12.0%**	**-2.1%**
2017	Viscofan						-12.5%	-14.4%	5.5%	3.4%	9.4%	*1.8%*
2017	**Ibex 35**						**-15.0%**	**-4.9%**	**-19.6%**	**-13.2%**	**-18.1%**	**-3.9%**
2018	Viscofan							-2.1%	20.6%	18.2%	25.1%	*5.8%*
2018	**Ibex 35**							**11.8%**	**-5.5%**	**2.0%**	**-3.6%**	**-0.9%**
2019	Viscofan								23.2%	20.8%	27.8%	*8.5%*
2019	**Ibex 35**								**-15.5%**	**-8.7%**	**-13.8%**	**-4.8%**
2020	Viscofan									-2.0%	3.7%	*1.8%*
2020	**Ibex 35**									**7.9%**	**1.9%**	**1.0%**
2021	Viscofan										5.8%	*5.8%*
2022	**Ibex 35**										**-5.6%**	**-5.6%**

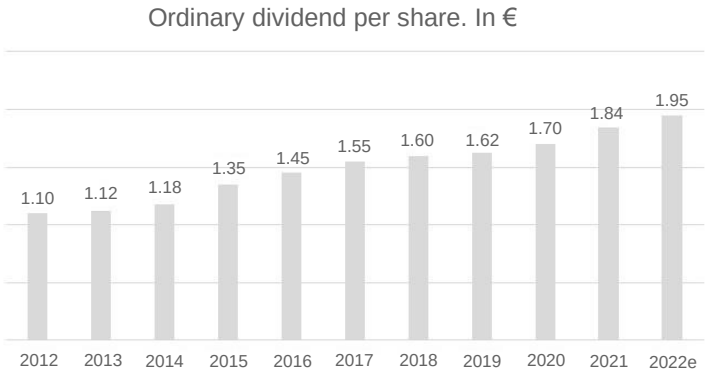
2022 dividend

The proposed total shareholder remuneration with a charge to 2022 profit stood at €1.95 per share and exceeds, by 6.0%, the ordinary remuneration per share of €1.84 approved in the previous year. This proposal means distributing 64,6% of the Group's net earnings in 2022.

This can be broken down as follows:

- An interim dividend of €1.40 per share (paid on 22 December 2022).
- The proposed final dividend of €0.54 per share (payable on 8 June 2023), 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 2022 is 3.5% 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 information on Viscofan's main commitments to the Sustainable Development Goals, sustainability indicators and the 2030 commitments set out in the Group's Sustainability Action Plan.

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

Viscofan also maintains fluid communication with the financial markets, so that at the end of 2022 a total of 17 analysis companies, both national and international, are covering the company.

At the same time, Viscofan encourages direct contact through face-to-face meetings with investors, both shareholders and non-shareholders interested in the company. In this regard, in 2022, once the restrictions on mobility and social contact due to the COVID-19 pandemic had been relaxed, the company resumed face-to-face contact with the financial community.

Accordingly, in 2022, Viscofan held a total of 253 face-to-face or video-call meetings with investors – shareholders or otherwise –, in the framework of seminars and events held by the financial community. There were 229 such meetings in 2021 and 214 in 2020.

The communication effort carried out throughout all these years has been recognised by the investment community. In 2022, Viscofan has been recognised by Institutional Investor in its Developed Europe Executive Team awards as the best Investor Relations team in the Paper & Packaging sector. It was also mentioned in the top 3 in the categories of best CEO, best professional IR, best ESG, and best Board of Directors.

Also in 2022, the Spanish Association of Accounting and Business Administration (AECA) has awarded Viscofan the XXI AECA Award for Business Transparency, in the “IBEX Medium Cap and IBEX Small Cap” category. The Jury thus recognises the quality, accessibility, usability, content and presence of the information disseminated on the corporate website in the general, financial, corporate governance, environmental and social areas.

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 2022, the most frequently asked questions were related to the impact of cost inflation, sales price increases, the impact of EU trade sanctions against Russia, the impact of the energy crisis in Europe, the deployment of the new Beyond25 Strategic Plan, the growth potential of the New Businesses, the evolution of demand and the replacement of animal casings by collagen casings, sustainability projects in Viscofan, shareholder remuneration, among others.

Key stock market data developments

	Period Beyond25	Period MORE TO BE					
Share price €	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Year-end	60.20	56.90	58.05	47.10	48.12	55.01	46.85
Maximum in the year	63.65	61.45	64.35	56.55	66.20	56.33	56.06
Minimum in the year	48.92	53.25	43.28	40.12	46.20	46.75	41.84

Viscofan's performance on the continuous market	**Year-end 2022**	**Year-end 2021**	**Year-end 2020**	**Year-end 2019**	**Year-end 2018**	**Year-end 2017**	**Year-end 2016**
% ann. change Viscofan	5.8%	-2.0%	23.2%	-2.1%	-12.5%	17.4%	-15.8%
% annual change IGBM	-4.8%	7.1%	-15.4%	10.2%	-15.0%	7.6%	-2.2%
% annual change IBEX 35	-5.6%	7.9%	-15.5%	11.8%	-15.0%	7.4%	-2.0%
% Annual Change Euro STOXX 600	-12.9%	22.2%	-4.0%	23.2%	-13.2%	7.7%	-1.2%
% Annual change IBEX Medium Cap	-7.4%	8.6%	-9.7%	8.4%	-13.7%	4.0%	-6.6%
% annual change Sub-Sector Food and Beverages IGBM	-0.7%	-1.6%	10.6%	1.8%	-8.4%	5.2%	-5.4%

Stock exchange trading data	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Capitalisation at year-end (Mn €)	2,799.3	2,645.9	2,699.3	2,190.2	2,242.6	2,563.7	2,183.4
Continuous market traded cash (Mn €)	763.3	1,135.8	1,561.8	1,230.5	1,669.1	1,995.2	2,707.1
Average per session (€Mn)	3.0	4.4	6.1	4.8	6.5	7.8	10.5
Traded shares	13,893,544	19,626,412	28,338,888	25,815,115	29,807,220	38,658,041	54,701,597
Daily average of traded shares	54,060	76,666	110,268	101,236	116,891	151,600	212,022

Ratios per share	**Year-end 2022**	**Year-end 2021**	**Year-end 2020**	**Year-end 2019**	**Year-end 2018**	**Year-end 2017**	**Year-end 2016**
Shares admitted to trading	46,500,000	46,500,000	46,500,000	46,500,000	46,603,682	46,603,682	46,603,682
Basic earnings per share (1)	3.02	2.87	2.63	2.27	2.66	2.62	2.68
Proposed ordinary remuneration per share (2)	1.95	1.84	1.70	1.62	1.60	1.55	1.45

(1) Net earnings per share calculated by dividing net profit by the weighted average of ordinary shares in circulation in the year, excluding treasury shares

(2) Includes interim dividend, final dividend, refund of share premium, refund of capital contributions and premium for attendance at the General Meeting.

2.5.2. Financial results and management

Business performance

Market

The 2022 financial year has been characterised by a strong demand in the casings industry, with an estimated increase in volumes by around 5%, above the range of 2% to 4% average historical market growth. Within this increase, which has occurred in all major casing technologies, collagen casings stand out significantly.

This performance is driven by the growing interest of meat processors who find in casings a suitable solution to increase their productivity and guarantee their service against other alternatives in a context of high inflation and supply chain disruptions.

Geographically, there is momentum in Southeast Asia, where the adoption of animal protein and the industrialisation of food processors is gaining traction, as well as strength in Continental Europe, North America, and Latin America. In China, the persistence of the COVID-19 pandemic and population confinements have led to a weak casings market.

Beyond25 strategy assessment

Viscofan has started the Beyond25 strategic period inspired by a new purpose “Reshaping food and wellbeing. For many, for long", that foresees an acceleration in the Group's revenue growth with a differentiated strategy to capture growth opportunities in the Traditional Business and to boost the activities of the New Business division.

The first year of this plan has been characterised by a high investment effort. Firstly, a plan to increase capacity in collagen casings has been carried out with the installation of new extrusion lines in five different countries to respond to the historic opportunity to replace animal casings, with a very ambitious goal of replacing between 5 and 7% of the animal casing market by 2025. To this end, production lines have been installed and started up in the plants in Spain, Serbia, China, and Germany, and it is planned to do so in the USA at the beginning of 2023.

In addition, one of the objectives is to improve the profitability of the US operations. In this regard, in the last quarter of the year, the first cellulose casing lines were commissioned at the Danville plant using a new technology: this is a specific development for the plant based on the technological improvements in cellulose achieved by the Group in recent years and whose objective is to automate production with more reliable technology and with better handling, and at the same time to increase production output with better product quality.

In terms of capacity increases to boost the development of New Businesses, the installation and start-up of the collagen hydrolysates plant at the Weinheim (Germany) facilities stands out, which means a five-fold increase in production capacity to respond to a market with very positive growth prospects.

In parallel, Viscofan's commercial activity has been geared towards reinforcing the assurance of service to customers and maintaining a strategy of commercial discipline that combines support for customers with the necessary sales price increases to guarantee sustainable returns. Accordingly, the increase in selling prices at the beginning of the year was reinforced by a further price increase in the second half of the year, which partially offset the impact of the higher cost of production inputs (mainly raw materials and energy).

The Sustainability Action Plan continues to progress in line with the objectives set for 2030:

- In climate change mitigation projects, in 2022, the supply of electricity from renewable sources has been increased, along with efficiency improvements in energy and productive output reducing by 14.5% Scope 1 and 2 emissions intensity over metres of extruded casings compared to 2021, close to the targets foreseen for 2030.

- In addition, Viscofan has pioneered the use of green hydrogen as a fuel in one of the co-generation engines at the Cáseda plant. After the tests carried out, the unit is ready for use when the conditions are suitable for constant supply.

- Permits have also been obtained at this plant to install an energy production centre using biomass from our cellulose waste as fuel.

Main financial results:

The 2022 financial year has seen a marked investment, operational and commercial dynamism for the Group. In addition, Viscofan has responded to the increased demand for casing volumes and the opportunities arising in new businesses while facing and adapting to one of the most adverse contexts in the Group's recent history, marked by high inflation in production inputs.

The strength of the business model has enabled the Viscofan Group to reach new all-time highs in revenue, EBITDA, and Net Profit. Revenue stood at €1,201.0 million, up +23.9% year-on-year, EBITDA was €267.2 million, up +8.3% year-on-year, and net profit was €139.4 million, 4.8% higher than 2021.

These results are above the expectations announced in February 20221 of revenue and EBITDA and in line in terms of Net profit.

Investments for the whole of 2022 amount to €125.6 million, an all-time annual high for the Viscofan Group, higher than initially planned due to the anticipation of projects in the second half of the year to meet higher demand for casings and in the search for energy diversification. These investments in industrial equipment have been accompanied by increased investment in working capital to ensure service to the market in a context of accelerating demand, supply chain tightening and expansion plans. This, together with a growing dividend payment, translates into a net bank debt of €101.3 million at December 2022, up from €1.8 million at December 2021.

The Board of Directors has approved to propose a final dividend of €0.54 per share to be paid on 8 June 2023. This proposed distribution of profits will continue to increase shareholder remuneration, with a total remuneration on account of the 2022 profit of €1.95 per share, 6.0% higher than the total remuneration for 2021.

Viscofan Group income statement ('000 €)

	Full year			
	Jan-Dec' 22	Jan-Dec' 21	*Change*	*Like-for-like**
Revenue	**1,201,028**	**969,237**	**23.9%**	**16.2%**
EBITDA	**267,173**	**246,670**	**8.3%**	**-4.4%**
EBITDA margin	***22.2%***	***25.4%***	**-3.2 p.p.**	**-4.5 p.p.**
Operating profit	**189,026**	**174,389**	**8.4%**	
Net profit	**139,430**	**132,997**	**4.8%**	

Revenue breakdown ('000 €)

	Jan-Dec' 22	Jan-Dec' 21	*Change*
Traditional Business	963,089	808,057	19.2%
New Business	144,465	117,070	23.4%
Other revene from energy	93,474	44,110	111.9%
Revenue	**1,201,028**	**969,237**	**23.9%**

By geographical area	Jan-Dec' 22	Jan-Dec' 21	*Change*
Europe, Middle East and Africa (EMEA)	507,404	407,778	24.4%
Asia Pacific (APAC)	168,837	145,525	16.0%
North America	369,815	294,629	25.5%
South America	154,972	121,305	27.8%
Revenue	**1,201,028**	**969,237**	**23.9%**

*Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2022.

Revenue:

In the year to December 2022, revenue increased by 23.9% to €1,201.0 million. Of this, revenue from the Traditional Business contributed €963.1 million (+19.2% vs 2021) driven by volume growth in all casing technologies and a higher price mix, and revenue from New Business contributed with €144.5 million, +23.4% year-on-year. Furthermore, energy sales amounted to €93.5 million, +111.9% compared to 2021.

On a like-for-like basis, revenue increased 16.2% vs 2021, i.e. excluding the positive contribution of +7.7 p.p. from currency changes, mainly due to the appreciation of the US$ against the Euro.

The geographical breakdown of revenue in 2022 is as follows:

- EMEA (42.2% of the total): Reported revenue amounted to €507.4 million, 24.4% higher than in 2021 and 22.0% higher on a like-for-like basis.
- North America (30.8% of the total): Revenue amounted to €369.8 million, an increase of 25.5% with respect to 2021 and of 12.5% in like-for-like terms.
- APAC (14.1% of the total): Reported revenue of €168.8 million, 16.0% higher than in 2021 and 9.9% higher on a like-for-like basis.

- South America (12.9% of the total): Revenue amounted to €155.0 million, a growth of 27.8% compared to 2021 and 13.0% on a like-for-like basis.

Operating expenses

Consumption costs[6] grew by 37.5% in 2022 compared to 2021 to €389.3 million, mainly due to the sharp increase in the price of raw materials, natural gas used in co-generation, CO2 emission allowances, and the strength of currencies against the €. The gross margin[7] in 2022 was 67.6%, a decrease of -3.2 p.p. vs 2021.

The average accumulated workforce to December 2022 is 5,317 people, 4.6% higher than in the same period of the previous year due to the hiring of personnel associated with the new production capacity.

This increase in headcount is accompanied by higher wage costs and the appreciation of the main currencies against the euro, bringing personnel expenses to €262.2 million in 2022 (+13.4% vs 2021).

In cumulative terms, other operating expenses amounted to €291.0 million, an increase of 33.1% compared to 2021. Of this, energy supply expenses increased by 52.6% vs 2021 and transport expenses by 38.7% vs 2021.

Operating profit

In FY2022, reported EBITDA grew by 8.3% to €267.2 million setting a record high thanks to volume growth, higher selling prices, cogeneration in Spain, and favourable forex evolution, offsetting the rise in production costs. The EBITDA margin was 22.2% vs 25.4% in 2021.

Excluding exchange rate changes, comparable EBITDA in 2022 declines by -4.4% vs 2021.

Depreciation and amortisation expense in 4Q22 increased by 8.1% to €78.1 million due to the higher level of tangible assets brought on stream in the last two years.

As a result, Operating Profit in the year amounted €189.0 million (+8.4% vs 2021).

Financial result

The net financial result was negative with -€5.2 million with negative exchange rate differences of -€5.0 million, which compares to a positive net financial result of +€2.0 million in 2021, a period in which exchange rate differences were positive with +€2.2 million.

Net profit

In cumulative terms, Profit before tax at December 2022 stands at €183.8 million with a corporate income tax expense of €44.4 million (+2.2% vs. 2021), placing the effective tax rate at 24.1% (24.6% in the same period of the previous year).

Thus, reported net profit grew by 4.8% to €139.4 million.

Investment

A total of €125.6 million (€92.0 million in 2021) has been invested in projects to expand production capacity and to improve service to the market to meet the expected increase in demand.

[6] Consumption costs = Net purchases +/- Changes in inventory of finished goods and work in progress.

[7] Gross margin = (Revenue - Consumption costs) / Revenue.

During the year, new collagen casing production lines were installed at the plants in Spain, Serbia, China, Germany, and the US. In parallel, the upgrade of cellulose technology at the Danville plant in the US to improve the operation's production efficiencies is progressing according to plan, and in New Businesses, the new collagen hydrolysates capacity has been commissioned by the end of 2022 in line with the growth targets for this product.

The breakdown by type of investment in 2022 is as follows:

- 40% of the investment was earmarked for investments in capacity and machinery.
- 30% of the investment was earmarked for process improvements and new technology.
- 16% of the investment was earmarked for improvements in sustainability, including energy equipment and the optimisation of the installations in terms of safety, hygiene, and protecting the environment.
- The remaining 14% was spent on ordinary investments.

Investment in 2022 sets an all-time annual high for Viscofan and is above the €100 million guidance due to projects to adapt to the new environment (energy) and the anticipation of plans envisaged in the Beyond25 Strategy. All of this will imply a lower investment requirement in 2023.

Thus, at year-end 2022, the investment commitments are €4.2 million compared to €43.8 million at year-end 2021.

Dividends and Shareholder remuneration

The Board of Directors of Viscofan has agreed to propose to the General Shareholders' Meeting a distribution of profit that includes a final dividend of €0.54 per share, to be paid on 8 June 2023.

This will mean total shareholder remuneration out of 2022 profit of €1.95 per share, equivalent to a distribution of 64.6% of net profit. This is broken down as follows:

- An interim dividend of €1.40 per share (paid on 22 December 2022).
- A proposed final dividend of €0.54 per share (to be paid on 8 June 2023).
- A bonus of €0.01 per share for attending the General Shareholders' Meeting.

This proposal increases ordinary remuneration by 6.0% as compared to the €1.84 per share approved in the previous year.

Equity

The Group's equity at 2022 year-end amounted to €906.9 million, up 10.2% 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 2022 (mainly Brazil and Mexico).

Treasury shares

At 31 December 2022, the company had 321,684 treasury shares representing 0.69% of the voting rights valued at €16.2 million.

During 2022, 129,811 treasury shares were delivered to Viscofan staff within the framework of the company's variable remuneration plans. Also in 2022, the Company acquired 234,500 treasury shares under the authorisation granted by the General Shareholders' Meeting on 25 May 2018.

At 31 December 2021, the company held a total of 216,995 treasury shares representing 0.47% of its voting rights, for a value of €10.5 million.

Financial liabilities

Net bank debt at December 2022 is €101.3 million, up from €1.8 million at December 2021 due to increased investments, shareholder remuneration, and higher working capital as a result of acceleration in revenue, higher raw material sourcing, and safety inventory increases in a context of tightening supply chains and start-up of investment projects.

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

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

	`Dec 2022	`Dec 2021	Change
Net Bank Debt *	**101,264**	**1,754**	**5673.3%**
Debts related to right-of-use assets	*10,490*	*13,892*	*-24.5%*
*Other net financial liabilities***	*29,859*	*22,806*	*30.9%*
Net Financial Debt	**141,613**	**38,452**	**268.3%**

* Net bank debt = Non-current bank borrowings + Current bank borrowings - Cash and cash equivalents.

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

The net financial debt is the equivalent of 15.6% of the equity, with a leverage level that is sufficient to be able to attend to all Viscofan's liquidity needs.

Outlook for 2023

The Viscofan Group faces 2023 with growth prospects in the main financial figures, in revenue to grow between 9% and 12%, in EBITDA between 6% and 9% and in Net profit by between 10% and 15% supported by an investment of €75 million. Given the current currency situation, Viscofan has considered the average exchange rate of 1.07 US$/€.

Changes in the consolidation scope

• In financial year 2022

Effective January 1, 2022, the merger by absorption of Viscofan Collagen USA Inc. domiciled in Bridgewater, New Jersey (United States) was carried out by Viscofan USA Inc. domiciled in Montgomery, Alabama (United States).

On June 14, 2022, the liquidation of the company Supralon International AG (with registered office in Schaan – Liechtenstein) was registered.

• In financial year 2021

Effective January 1, 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., was carried out, both with registered offices in San Luis de Potosí (Mexico).

In June, Viscofan Japan GK was incorporated in Tokyo (Japan), with a capital of JPY 6 million and 100% owned by Viscofan S.A.

On December 31, 2021, the company Viscofan Collagen Canada Inc (with registered office in Markham - Canada) is liquidated.

2.6. Appendices

2.6.1. Environmental taxonomy indicator tables

Revenue
In million €

Economic activity	ID	Absolute Revenue €	Proportion of revenue %	Substantial contribution criteria: Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Contamination %	Biodiversity and ecosystems %	Criteria for the absence of material injury: Climate change mitigation Yes/No	Climate change adaptation Yes/No	Sustainability and protection of the water and marine resources Yes/No	Transition to circular economy Yes/No	Pollution prevention and control Yes/No	Protection and restoration of the biodiversity and ecosystems Yes/No	Minimum guarantees Yes/No	Proportion of revenue that conforms to the taxonomy. 2022 %	Proportion of revenue that conforms to the taxonomy. 2021 %	Category. Facilitating activity F	Category. Transition activity T
A.ACTIVITIES ELIGIBLE ACCORDING TO TAXONOMY																				
A.1 Environmentally sustainable activities (conforming to the taxonomy)																				
Total A.1		0	0.0%	0%	N/A	N/A	N/A	N/A	N/A								0%	N/A		
A.2 Taxonomy-eligible but not environmentally sustainable activities (activities that do not comply with the taxonomy)																				
High-efficiency co-generation of heat/cooling and electricity from fossil fuels	4.30.	85	7.1%																	
Total (A.2)		85	7.1%																	
Total A.1 + A.2		85	7.1%																	
B.NON-ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																				
Revenue from activities not eligible according to taxonomy		1,116	92.9%																	
TOTAL A + B		**1,201**	**100.0%**																	

CapEx
In million €

				Substantial contribution criteria						Criteria for the absence of material injury								
Economic activity	ID	Absolute CapEx €	CapEx ratio %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Contamination %	Biodiversity and ecosystems %	Climate change mitigation Yes/No	Climate change adaptation Yes/No	Sustainability and protection of the water and marine resources Yes/No	Transition to circular economy Yes/No	Pollution prevention and control Yes/No	Protection and restoration of the biodiversity and ecosystems Yes/No	Minimum guarantees Yes/No	Proportion of CapEx that conforms to the taxonomy. 2022 %	Proportion of CapEx that conforms to the taxonomy. 2021 %	Category. Facilita-ting activity F	Category. Transi-tion activity T
A.ACTIVITIES ELIGIBLE ACCORDING TO TAXONOMY																				
A.1 Environmentally sustainable activities (conforming to the taxonomy)																				
Total A.1		0	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A								0.0%	N/A		
A.2 Taxonomy-eligible but not environmentally sustainable activities (activities that do not comply with the taxonomy)																				
High-efficiency cogeneration of heat/cooling and electricity from fossil fuels	4.30.	0.6	0.5%																	
Total (A.2)		0.6	0.5%																	
Total A.1 + A.2		0.6	0.5%																	
B.NON-NELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																				
CapEx from activities not eligible according to taxonomy		126.6	99.5%																	
TOTAL A + B		**127.2**	**100.0%**																	

OpEx
In million €

Economic activity	ID	Absolute OpEx €	Proportion of OpEx %	Substantial contribution criteria: Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Contamination %	Biodiversity and ecosystems %	Criteria for the absence of material injury: Climate change mitigation Yes/No	Climate change adaptation Yes/No	Sustainability and protection of the water and marine resources Yes/No	Transition to circular economy Yes/No	Pollution prevention and control Yes/No	Protection and restoration of the biodiversity and ecosystems Yes/No	Minimum guarantees Yes/No	Proportion of OpEx that conforms to the taxonomy. the 2022 %	Proportion of OpEx that conforms to the taxonomy. 2021 %	Category. Facilita-ting activity F	Category. Transi-tion activity T
A.ACTIVITIES ELIGIBLE ACCORDING TO TAXONOMY																				
A.1 Environmentally sustainable activities (conforming to the taxonomy)																				
Total A.1		0	0.0%	0%	N/A	N/A	N/A	N/A	N/A								0.0%	N/A		
A.2 Taxonomy-eligible but not environmentally sustainable activities (activities that do not comply with the taxonomy)																				
High-efficiency cogeneration of heat/cooling and electricity from fossil fuels	4.30.	2.8	6.4%																	
Total (A.2)		2.8	6.4%																	
Total A.1 + A.2		2.8	6.4%																	
B.NON-NELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																				
OpEx from activities not eligible according to taxonomy		40.9	93.6%																	
TOTAL A + B		**43.7**	**100.0%**																	

Specific templates on fossil gas activities

Template 1 Nuclear and fossil gas activities

Row	Fossil gas activities	Revenue	CapEx	OpEx
4.	The company carries out, finances or has exposures to the construction or operation of electricity generation facilities that produce electricity from gaseous fossil fuels.	No	No	No
5.	**The company carries out, finances or has exposures to the construction, renovation and operation of combined heat/cold and power generation facilities using gaseous fossil fuels.**	**Yes**	**Yes**	**Yes**
6.	The company carries out, finances or has exposures to the construction, renovation and operation of heat generation facilities producing heat/cooling from gaseous fossil fuels.	No	No	No

Template 2 Economic activities that conform to the taxonomy (denominator)

		Climate change mitigation					
Row	Fossil gas activities	Revenue	%	CapEx	%	OpEx	%
5.	Amount and proportion of the economic activity that complies with the taxonomy referred to in section 4.30 of Annexes I and II of the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	85.2	7%	0.6	0%	2.8	6%
7.	**Amount and share of other economic activities conforming to the taxonomy not mentioned in rows 1 to 6 in the denominator of the applicable KPI**	**1,115.9**	**93%**	**126.6**	**100%**	**40.9**	**94%**
8.	**Applicable KPI total**	**1,201.0**	**100%**	**127.2**	**100%**	**43.7**	**100%**

Template 3 Economic activities that conform to the taxonomy (numerator)

		Climate change mitigation					
Row	Fossil gas activities	Revenue	%	CapEx	%	OpEx	%
5.	Amount and proportion of the economic activity that complies with the taxonomy referred to in section 4.30 of Annexes I and II of the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0.0	0%	0.0	0%	0.0	0%
7.	**Amount and proportion of other economic activities that conform to the taxonomy and are not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**0.0**	**0%**	**0.0**	**0%**	**0.0**	**0%**
8.	**Total amount and share of economic activities that conform to the taxonomy in the numerator of the applicable KPI**	**0.0**	**0%**	**0.0**	**0%**	**0.0**	**0%**

Template 4 Economic activities eligible according to the taxonomy but which do not conform to the taxonomy

		Climate change mitigation					
Row	Fossil gas activities	Revenue	%	CapEx	%	OpEx	%
5.	Amount and proportion of economic activity eligible according to the taxonomy but not conforming to the taxonomy referred to in section 4.30 of Annexes I and II of the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	85.2	100%	0.6	100%	2.8	100%
7.	**Amount and share of other economic activities eligible according to the taxonomy but not conforming to the taxonomy not mentioned in rows 1 to 6 above in the denominator of the applicable KPI**	**0.0**	**0%**	**0.0**	**0%**	**0.0**	**0%**
8.	**Amount and proportion of economic activities eligible according to the taxonomy but not conforming to the taxonomy in the denominator of the applicable KPI**	**85.2**	**100%**	**0.6**	**100%**	**2.8**	**100%**

Template 5 Ineligible economic activities according to the taxonomy

		Climate change mitigation					
Row	Fossil gas activities	Revenue	%	CapEx	%	OpEx	%
5.	Amount and proportion of the economic activity referred to in row 5 of Template 1 that is not eligible under the taxonomy according to section 4.30 of Annexes I and II of the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0.0	0%	0.0	0%	0.0	0%
7.	**Amount and share of other non-taxonomy eligible economic activities not mentioned in rows 1 to 6 above in the denominator of the applicable KPI**	**1115.9**	**100%**	**126.6**	**100%**	**40.9**	**100%**
8.	**Total amount and share of non-taxonomy-eligible economic activities in the denominator of the applicable KPI**	**1115.9**	**100%**	**126.6**	**100%**	**40.9**	**100%**

2.6.2. Global Reporting Initiative content index (GRI)

Declaration of use	Viscofan has presented the information in this table of contents for the period from 1 January 2022 to 31 December 202 using the GRI standards as a reference.
GRI 1 used	GRI 1: Foundation 2021

GRI 2: General Disclosures

GRI standard	Description	Section	Omission
1. The organisation and its reporting practices			
2-1	Organisational details	- Legal name: Viscofan Group, which comprises Viscofan S.A. and its subsidiaries. - Location of its headquarters; Polígono Industrial Berroa. C/Berroa, 15 – 4ª planta. 31192 Tajonar (Navarre) – España - Countries. See Our Business Model. Competitive advantages	
2-2	Entities included in sustainability reporting	General Information - Foundation	
2-3	Reporting period, frequency and contact point	General Information - Foundation	
2-4	Restatements of information	General Information - Foundation	
2-5	External assurance	General Information - Foundation	
2. Activities and workers			
2-6	Activities, value chain and other business relationships	General Information - Business Model	
2-7	Employees	Social pillar - People	
2-8	Workers who are not employees	Social pillar - People	
3. Governance			
2-9	Governance structure and composition	Governance Pillar - Good governance practices	
2-10	Nomination and selection of the highest governance body	Governance Pillar - Good governance practices	
2-11	Chair of the highest governance body and its committees	Governance Pillar - Good governance practices	
2-12	Role of the highest governance body in overseeing the management of impacts	Governance Pillar - Good governance practices and risk management	
2-13	Delegation of responsibility for impact management	Governance Pillar - Risk Management	
2-14	Role of the highest governance body in sustainability reporting	General Information - Foundation	
2-15	Conflicts of interest	Annual Corporate Governance Report. Section D.6.	
2-16	Communication of critical concerns	General Information - Foundation Governance Pillar - Governing Bodies	

2-17	Collective knowledge of the highest governance body	Governance Pillar - Good governance practices
2-18	Evaluation of the performance of the highest governance body	Annual Corporate Governance Report. Section C.1.17
2-19	Remuneration policies	Governance Pillar - Good governance practices Annual Remuneration Report
2-20	Process to determine remuneration	Annual Remunerations Report
2-21	Annual total compensation ratio	Annual Remunerations Report. Section C.2.
4. Strategy, policy and practice		
2-22	Statement on sustainable development strategy	Chairman's letter General Information - Business Model
2-23	Policy commitments	General Information - Business Model Governance Pillar - Compliance System
2-24	Embedding policy commitments	General Information - Business Model and Strategy Governance Pillar - Regulatory Compliance System Environmental pillar - Governance, strategy and resources for environmental sustainability Social pillar - Labour management
2-25	Processes to remediate negative impacts	Governance Pillar - Regulatory Compliance System
2-26	Mechanisms for seeking advice and raising concerns	General Information - Foundation Governance Pillar - Regulatory Compliance System
2-27	Compliance with laws and regulations	Governance Pillar - Regulatory Compliance System
2-28	Membership associations	Social Pillar – Local communities
5. Participation of stakeholders		
2-29	Approach to stakeholder engagement	General Information - Foundation
2-30	Collective bargaining agreements	Social Pillar – Labour management

GRI 3. Material Topics 2021

GRI standard	Description	Section	Omission
3-1	Process to determine material topics	General Information - Foundation	
3-2	List of material topics	General Information - Foundation	
3-3	Management of material topics	General Information - Foundation The management of each material issue is dealt with in the corresponding section	

GRI 200: Economic

GRI standard	Description	Section	
GRI 201: Economic performance (2016)			
201-1	Direct economic value generated and distributed	General Information – Foundation. Generated and distributed value matrix	
201-2	Financial implications and other risks and opportunities derived from climate change	Environmental pillar - Governance, strategy and resources for environmental sustainability	
201-3	Defined benefit plan obligations and other retirement plans	Social pillar - Labour management	
201-4	Financial assistance received from government	Social pillar - Responsible taxation	
GRI 202: Market presence (2016)			
202-1	Ratios of standard entry-level wage by gender compared to the local minimum wage	Social pillar - Labour management	
202-2	Proportion of senior management hired from the local community	Social pillar - Labour management	
GRI 203: Indirect economic impacts (2016)			
203-1	Infrastructure investments and services supported	Chairman's letter Social pillar – Local communities Environmental pillar - Governance, strategy and resources for environmental sustainability	
203-2	Significant indirect economic impacts	Economic and financial pillar. Economic and management results	
GRI 204: Procurement practices (2016)			
204-1	Proportion of spending on local suppliers.	Social pillar – Taking care of the supply chain	
GRI 205: Anti-corruption (2016)			
205-1	Operations assessed for risks related to corruption	Governance pillar – Regulatory compliance system and Prevention of corruption, fraud and money laundering	
205-2	Communication and training about anti-corruption policies and procedures	Governance pillar – Regulatory compliance system and Prevention of corruption, fraud and money laundering	
205-3	Confirmed incidents of corruption and actions taken	Governance pillar – Regulatory compliance system and Prevention of corruption, fraud and money laundering	
GRI 206: Anti-Competitive Behaviour (2016)			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Governance pillar – Regulatory compliance system and Prevention of corruption, fraud and money laundering	
GRI 207: Tax (2019)			
207-1	Approach to tax	Governance pillar – Good governance practices	
207-2	Tax governance, control, and risk management	Governance pillar – Good governance practices	
207-2	Stakeholder engagement and management of concerns related to tax	General Information – Foundation.	
207-4	Country-by-country reporting	Social pillar - Responsible taxation	
GRI 300: ENVIRONMENTAL			
GRI 302: Energy (2016)			
302-1	Energy consumption within the organisation	Environment - Climate change management and energy efficiency	
302-3	Energy intensity	Environment - Climate change management and energy efficiency	

302-4	Reduction of energy consumption	Environment - Climate change management and energy efficiency
GRI 303: Water and effluents (2018)		
303-1	Interactions with water as a shared resource	Environmental pillar - Responsible management of the end-to-end water cycle
303-3	Water withdrawal	Environmental pillar - Responsible management of the end-to-end water cycle
303-4	Water discharge	Environmental pillar - Responsible management of the end-to-end water cycle
303-5	Water consumption	Environmental pillar - Responsible management of the end-to-end water cycle
GRI 305: Emissions (2016)		
305-1	Direct (Scope 1) GHG emissions	Environment - Climate change management and energy efficiency
305-2	Energy indirect (Scope 2) GHG emissions	Environment - Climate change management and energy efficiency
305-4	GHG emissions intensity	Environment - Climate change management and energy efficiency
305-5	Reduction of GHG emissions	Environment - Climate change management and energy efficiency
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	Environment - Climate change management and energy efficiency
GRI 306: Waste (2020)		
306-1	Waste generation and significant waste-related impacts	Environmental pillar - Circular economy
306-2	Management of significant waste-related impacts	Environmental pillar - Circular economy
306-3	Waste generated	Environmental pillar - Circular economy
306-4	Waste diverted from disposal	Environmental pillar - Circular economy
306-5	Waste directed to disposal	Environmental pillar - Circular economy
GRI 307: Environmental compliance (2016)		
307-1	Non-compliance with environmental legislation and regulations	Environmental pillar - Governance, strategy and resources for environmental sustainability In Brazil, an environmental administrative file was underway in 2010, for which no decision had been handed down, although, at 2022 year-end, it is considered that a favourable resolution is possible.
GRI 308: Environmental evaluation of suppliers (2016)		
308-1	New suppliers that were screened using environmental criteria	Environmental pillar - Responsible supply chain management Social pillar - Taking care of the supply chain
GRI 400: SOCIAL		
GRI 401: Employment (2016)		
401-1	New employee hires and employee turnover	Social pillar - Labour management
GRI 402: Worker-company relations (2016)		
402-1	Minimum warning periods for operational changes	Governance Pillar - Good governance practices
GRI 403: Occupational health and safety (2018)		
403-1	Occupational health and safety management system	Social pillar - Labour management - Safety at work

403-2	Hazard identification, risk assessment, and incident investigation	Social pillar - Labour management - Safety at work
403-4	Worker participation, consultation, and communication on occupational health and safety	Social pillar - Labour management - Safety at work
403-5	Worker training on occupational health and safety	Social pillar - Labour management - Safety at work
403-8	Workers covered by an occupational health and safety management system	Social pillar - Labour management - Safety at work
403-9	Work-related injuries	Social pillar - Labour management - Safety at work
403-10	Work-related ill health	Social pillar - Labour management - Safety at work
GRI 404: Training and teaching (2016)		
404-1	Average hours of training per year per employee	Social pillar - Labour management – Professional development
404-2	Programmes for upgrading employee skills and transition assistance programmes	Social pillar - Labour management – Professional development
404-3	Percentage of employees receiving regular performance and career development reviews	Social pillar - Labour management – Professional development
405-1	Diversity of governance bodies and employees	Governance Pillar - Good governance practices Social pillar - Labour management Equality and work-life balance
405-2	Ratio of basic salary and remuneration of women to men	Social pillar - Labour management Employment and remuneration
GRI 406: Non-Discrimination (2016)		
406-1	Incidents of discrimination and corrective actions taken	Governance Pillar - Regulatory Compliance System
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Governance Pillar - Good governance practices Social pillar - Taking care of the supply chain
GRI 408: Child labour (2016)		
408-1	Operations and suppliers at significant risk for incidents of child labour	Governance Pillar - Good governance practices Social pillar - Taking care of the supply chain
GRI 409: Forced or compulsory labour (2016)		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Governance Pillar - Good governance practices Social pillar - Taking care of the supply chain
GRI 412: Human rights assessment (2016)		

412-2	Training of employees in human rights policies or procedures	Social pillar - Labour management - Professional development Governance Pillar - Good Governance Practices and Compliance System
GRI 413: Local communities (2016)		
413-1	Operations with local community engagement, impact assessments and development programmes	Social pillar – Local communities Environmental pillar - Governance, strategy and resources for environmental sustainability
GRI 414: Supplier social assessment (2016)		
414-1	New suppliers that were screened using social criteria	Social pillar - Taking care of the supply chain
GRI 416: Customer health and safety (2016)		
416-1	Assessment of the health and safety impacts of product or service categories	Social pillar - Taking care of the supply chain
GRI 417: Marketing and labelling (2016)		
417-1	Requirements for product and service information and labelling	Social pillar - Taking care of the supply chain
GRI 418: Customer privacy (2016)		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social pillar - Taking care of the supply chain

2.6.3. Content index of law 11/2018 on non-financial and diversity information

Contents of Law 11/2018 on Non-financial and diversity information			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 2-6. Activities, value chain and other business relationships GRI 3-2. List of material topics
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.	GRI 2-23 Policy commitments GRI 2-24 Embedding policy commitments GRI 2-25 Processes to remediate negative impacts
	Main 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 3-2. List of material topics GRI 3-3. Management of material topics GRI 201-2 Financial implications and other risks and opportunities due to climate change
	General	Current and foreseeable effects of company activities on environment issues and, where appropriate, health and safety.	GRI 3-3. Management of material topics
		· Environmental assessment or certification procedures.	GRI 3-3. Management of material topics
		· Resources aimed at preventing environmental risks.	GRI 3-3. Management of material topics
		Application of precautionary principle.	GRI 2-3 Policy commitments
		· 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 201-2 Financial implications and other risks and opportunities due to climate change 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 3-3. Management of material topics GRI 303 Water and effluents GRI 306-1. Waste generation and significant waste-related impacts GRI 306-2. Management of significant impacts related with waste GRI 306-3. Waste generated GRI 306-4. Waste diverted from disposal GRI 306-5. Waste directed to disposal
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 3-3. Management of material topics 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 201-2 Financial implications and other risks and opportunities due to climate change. GRI 3-3. Management of material topics. 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 3-3. Management of material topics.
	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.	GRI 3-3. Management of material topics.
	Main 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 3-3. List of material topics. GRI 3-3. Management of material topics.
	Employment	Total number and distribution of employees by gender, age, country and professional classification.	GRI 2-7 Employees.
		Total number and distribution of employment contract types.	GRI 2-7 Employees.
		Annual average of permanent, temporary and part-time contracts by gender, age and professional classification.	GRI 2-7 Employees.
		Number of dismissals by gender, age and professional classification.	GRI 401-1.b) Total number and rate of employee turnover 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 basic salary and remuneration of women to men for each job category.

	Salary gap.	GRI 405-2: Ratio of basic 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 2-19 Remuneration policies. GRI 2-20 Process for determining the remuneration.
	Implementation of employment disconnection measures.	GRI 3-3. Management of material topics.
	Disabled employees.	GRI 405-1. b) Percentage of employees per employee category in each of the following diversity categories (iii. Vulnerable groups).
Work organisation	Organisation of working time.	GRI 2-7 Employees. GRI 3-3. Management of material topics.
	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 3-3. Management of material topics.
Health and safety	Occupational health and safety conditions.	GRI 3-3. Management of material topics 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 2-29. Approach to stakeholder engagement. GRI 402-1 Minimum warning periods for operational changes. GRI 403-4 Worker participation, consultation, and communication on occupational health and safety.

	Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation.	GRI 3-3 Management of material topics
	Percentage of employees covered by a collective bargaining agreement by country.	GRI 2-30 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 3-3. Management of material topics.
	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 3-3. Management of material topics (Diversity and equal opportunities and Non-discrimination).
Equality	Measures adopted to promote equal treatment and opportunities between men and women.	GRI 3-3. Management of material topics (Diversity and equal opportunities).
	Equality plans.	GRI 3-3. Management of material topics (Diversity and equal opportunities and Non-discrimination).
	Measures adopted to promote employment.	GRI 3-3. Management of material topics (Employment).
	Protocols to counter sexual harassment due to gender.	GRI 3-3. Management of material topics (diversity and equal opportunities and non-discrimination).
	Universal integration and accessibility of the disabled.	GRI 3-3. Management of material topics (diversity and equal opportunities and non-discrimination).
	Policy against all type of discrimination and, where appropriate, to manage diversity.	GRI 3-3. Management of material topics (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.	GRI 3-3. Management of material topics. GRI 412-2 Employee training on human rights policies or procedures.
	Main 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 3-2. List of material topics. GRI 3-3. Management of material topics.
	Human Rights	Application of due diligence procedures to human rights.	GRI 3-3. Management of material topics (Human Rights evaluation).
		Prevention of the risks of breaching human rights and, where appropriate, measures to reduce, manage and repair possible abuse committed.	GRI 3-3. Management of material topics (Human Rights evaluation). GRI 412-1 Operations that have been subject to human rights reviews or impact assessments.
		Complaints regarding human rights breaches.	GRI 2-16 Communication of critical concerns. GRI 3-3. Management of material topics (Human Rights evaluation). GRI 419-1 Non-compliance with laws and regulations in the social and economic area.
		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 3-3. Management of material topics (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.	GRI 2-23. Commitments and policies. GRI 3-3. Management of material topics.

	Main 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 3-3. Management of material topics. GRI 3-3. Management of material topics.
	Corruption and bribery	Measures adopted to prevent corruption and bribery.	GRI 3-3. Management of material topics.
		Measures to combat money laundering	GRI 3-3. Management of material topics (anti-corruption).
		Contributions to foundations and non-profit organisations.	GRI 3-3. Management of material topics (anti-corruption). GRI 201-1 Direct economic value generated and distributed (investments in the community). GRI 203-2 Significant indirect financial 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.	GRI 3-3. Management of material topics
	Main 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 3-2. List of material topics GRI 3-3. Management of material topics.

Commitment of the company to sustainable development	Impact of the company's activity on employment and local development.	GRI 203-2 Significant indirect financial impacts. GRI 204-1 Proportion of spending on local suppliers. GRI 413-1 Operations with local community participation, impact assessments and development programmes.
	Impact of the company's activity on local towns and on territory.	GRI 203-2 Significant indirect financial 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 3-3. Management of material topics (relating to community). GRI 413-1 Operations with local community engagement, impact assessments, and development programmes
	Association or sponsorship actions.	GRI 2-28 Membership 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 3-3. Management of material topics (Environmental and social assessment of suppliers).
	Consideration in relationships with suppliers and subcontractors in their social and environmental responsibility.	GRI 3-3. Management of material topics (Environmental and social assessment of suppliers). GRI 308-1 New suppliers that were screened using 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.	GRI 308-1 New suppliers that were screened using environmental criteria.
Consumers	Measures for the health and safety of consumers.	GRI 3-3. Management of material topics (health and safety of customers). GRI 416-1 Assessment of the health and safety impacts of the categories of products or services. GRI 417-1 Requirements for product and service information and labelling.

	Systems to process claims, complaints received and their resolution.	GRI 2-26 Mechanisms for seeking advice and raising concerns. GRI 3-3. Management of material topics (health and safety of customers). GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses 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.

2.6.4. 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 if it believes 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 income before depreciation and amortisation, is calculated excluding depreciation and amortisation costs from the operating profit. The EBITDA is a measure 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.

- Consumption costs: This is calculated as the net amount of supplies plus the change in finished and unfinished products. Management monitors consumption costs as one of the main cost components for Viscofan. The weight of this cost component on income or gross margin is also analysed to study the operating margin's development. However, it is not a defined indicator in IFRS and consumption costs 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 income and EBITDA: This measure excludes the impact of exchange rate fluctuations compared to the previous comparable period to present a like-for-like comparison of the Viscofan Group's performance. However, like-for-like income 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.