

VISCOFAN S.A. AUDIT COMMITTEE

ANNUAL REPORT ON ACTIVITIES AND OPERATIONS, RELATED-PARTY TRANSACTIONS AND ON THE INDEPENDENCE OF THE EXTERNAL AUDITOR

2024

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AUDIT COMMITTEE – ANNUAL REPORT ON ACTIVITIES AND OPERATIONS, RELATED-PARTY TRANSACTIONS AND ON THE INDEPENDENCE OF THE EXTERNAL AUDITOR

A. INTRODUCTION

The Audit Committee (hereinafter “Committee”) of Viscofan S.A. (hereinafter, "Viscofan" or the "Company") was created by agreement of the Board of Directors as a specialist body with the authority to provide information and advice and put forward proposals, facilitating performance of the general function of oversight and control that corresponds to the Board of Directors. The existence of a committee specialising in the area is currently required by Article 529 (15) of the Spanish Capital Companies Act and Article 33 of the company by-laws, and recommended by supervisory bodies and best corporate governance practices. In addition to the provisions in the company by-laws and current legislation, it is regulated by Article 15 of the Board of Directors' Regulations and implemented by the Audit Committee Regulations, available on the Company's website (www.viscofan.com).

The Audit Committee prepares this Activity Report (the “**Report**”) to be approved by the Board of Directors and made available to the General Shareholders' Meeting, pursuant to article 26 of the Committee Regulations. The Report also includes the report on related-party transactions and that of the independence of the external auditor, which will be published on the website sufficiently in advance of the General Shareholders' Meeting, under the terms set out in the aforementioned legislation and internal regulations.

B. ANNUAL REPORT ON ACTIVITIES.

B.1) COMMITTEE FUNCTIONS AND SCOPE

Chapter II of the Committee Regulations (Articles 5 to 11) contains the committee's functions and scope. Accordingly, the Committee will submit (a) the proposal for the appointment, re-election or replacement of the auditors (a role that, by analogy, extends to the assurance provider of the consolidated non-financial statement and sustainability report) and will supervise (b) the independence and effectiveness of the Internal Audit; (c) the process for preparing and overseeing mandatory financial and non-financial information, (d) the effectiveness of the Company's and its Group's internal control system and risk management systems, both financial and non-financial, and (e) the effectiveness and operation of the Ethics and Compliance Committee and the Group's Ethical Channel/Integrity Line ("Whistleblowing Channel").

B.2) COMPOSITION OF THE COMMITTEE AND ATTENDANCE AT ITS MEETINGS IN 2024

All Committee members have the status of external directors appointed as members in relation to their knowledge and experience in the areas under the Committee's purview, and any classified as "independent" fulfil the independence requirements set out in the legislation.

During the fiscal year and as a result of the expiration of the four-year term legally established for the position of chair of the Committee, on 24 April 2024, Laura Gonzalez Molero ceased her duties as chair of the Committee, and Andrés Arizkorreta García was unanimously appointed as the new chair for the legal term of four years.

Consequently, at the close of 2024, the composition and positions of the Audit Committee were as follows:

Name	Position	Type
Andrés Arizkorreta García	Chair	External independent
Ms Agatha Echevarría Canales	Member	Other external directors
Javier Fernández Alonso	Member	External proprietary
Ms Cristina Henríquez de Luna Basagoiti	Member	External independent
Ms Laura González-Molero	Member	External independent
Jose Antonio Cortajarena	Non-member Secretary	N/A

The composition is compliant with the Corporate Enterprises Act, with a Chair and a majority of independent members.

Notwithstanding the functions that are legally the responsibility of the Committee Secretary in relation to providing advice and support to the directors in exercising and better performing their duties, the committee regularly seeks the collaboration of the members of the Board of Directors under the terms set out in Article 31 of the Audit Committee Regulations. To better fulfil its functions, the Audit Committee may seek the advice of external professionals.

Information regarding the members of the committee can be found on the company's website,

https://www.viscofan.com/es/gobierno-corporativo/consejo-de-administracion/comisiones-del-consejo.

B.3) OPERATION

In 2024, the Audit Committee met thirteen (13) times to follow up on the issues summarised in the following sections. A joint session was also held with the Appointments, Remuneration and Sustainability Committee in relation to the coordination of the functions of each of the committees in matters of Sustainability.

The following must be mentioned about the Committee's operation:

- **Resolutions without holding a meeting**

In 2024, the Committee did not adopt any resolution without holding a meeting.

- **Attendance of the members**

All Committee members attended all meetings that took place. The Committee members have attended the meetings in person or remotely, while complying with legal and regulatory requirements for the necessary identification of the Committee members by the Secretary and the availability of the appropriate technical resources.

- **Announcement and preparation of meetings**

All meetings were convened by the Secretary, upon the instructions of the Committee Chair, sufficiently in advance, in line with the agenda.

The Committee members have had, in due time and form, the documentation and presentations necessary for them to form an opinion.

- **Information to the Board of Directors**

The Committee Chair has informed the Board of Directors at each of its meetings held subsequent to the Committee meetings of the issues dealt with thereat.

- **Minutes**

Pursuant to section 1, article 27, of the current Audit Committee Regulations, the Committee Chair reports to the Board of Directors after every Committee meeting, and minutes were drawn up for each meeting, approved by the Committee members and signed by the Secretary with the approval of the Chair. These minutes were made available to all directors once they were approved. Likewise, upon the request of the Chair, in the cases in which it was considered advisable or necessary due to the complexity or breadth of the matters dealt with, the documentation supporting the Committee's activities was made available to all Board members.

- **Attendance of the Company's Directors**

As is common on the Committee, several members of the management team, such as the Head of Internal Audit, the Corporate Chief Financial Officer, members of the Ethics and Compliance Committee, the Digital Transformation Division, the Head of Cybersecurity and the Head of Communications, Investor Relations and Sustainability attended the different meetings, along with any other members of senior management, directors or employees, whose presence was deemed advisable by the Audit Committee, so that they could present aspects relating to their areas. The presence of the Head of Internal Audit, by the nature of the role and its functional dependence on the Committee, covers most of the items on the agenda. Attendance at the meetings of executives and employees was limited to the matters on the agenda in which their participation was required, after which they left the meeting.

- **Attendance of the external auditor and assurance provider**

The Audit Committee required the presence of the external financial information auditor, PricewaterhouseCoopers Auditores, S.L. (hereinafter "PwC") at three (3) of the meetings held,

to monitor the external audit process in its different phases until the final closure thereof, as well as to present its conclusions on the review of the ICFR.

In addition, the external assurance provider of the sustainability report have sat on the Commission on three (3) occasions

- One (1) by Deloitte, S.L., to verify the 2023 non-financial information statement, where they analysed the conclusions of the report presented, without qualifications.
- Two (2) by PwC, for the planning and follow-up on the verification of the consolidated non-financial information statement and sustainability report for 2024.

B.4) ACTIVITIES

At the beginning of fiscal year 2024, the Audit Committee approved an Engagement Plan, which it executed during the year and which covered all of its functions. The main goals thereof were: to oversee the financial and non-financial information and the corresponding external audit and external assurance, respectively; to oversee the internal audit function and legal and regulatory compliance; to oversee risk management (monitoring of the activity of the Global Risk Committee, the main risks including cybersecurity and technology, of the risk model in regions and subsidiaries; monitoring of the activity of the Credit Risk Committee and Investment Committee); to oversee the Viscofan Group's internal control model; and to update and train in the most significant developments and in any other important areas for the Committee's activity. In particular, reference should be made to the following aspects of its activity.

B.4.1) Account auditing

The Audit Committee has built a suitable relationship with the external auditor, PwC, which provided regular status updates on activities to ensure that the accounts and the management report drawn up by the Board (individual and Group consolidated) are presented without qualifications in the audit report.

In relation to the 2024 accounts, three (3) meetings were held with the external auditor in order to report the schedule of actions, the most relevant aspects detected during the preliminary phase of the pre-closure review, and the final annual closure, which allowed PwC, S.L. and the Committee to identify and anticipate external audit work, as well as issues that, due to their uniqueness or accounting impact, could require a special mention or record in the company's financial statements.

Namely, in relation to conducting the audit work and the role played by the Committee in this process:

- It has supervised compliance with the audit contract, gathering information on the audit plan and ensuring that the opinion on the annual financial statements and the content of the audit report are drafted in a clear and precise manner.
- It has ensured that internal procedures are in place to guarantee that situations do not arise that could give rise to conflicts with the independence and objectivity required from the

external auditor, including making sure that their remuneration does not compromise their quality or independence, and that the policy to pre-approve services to be provided by the external auditor is complied with, that the external auditor had access to all the information needed to conduct its work and that it received the greatest possible collaboration from each of the Group's subsidiaries.

- It has been informed of the result of the work performed during the preliminary phase, which involved reviewing pre-closure, and closure, to identify and plan the tasks that, given their uniqueness or impact on accounting, require special attention from the external auditor, such as:
  - The acquisition on 19 September 2024 of 60% of the companies Brasfibra Industria e Comercio de Derivados do Couro Ltda. and Master Couros Industria e Comercio de Derivados do Couro Ltda. in Brazil for a cash value of BRL 88 million. The payment of 50% of said price was made at the signing of the contract, with an agreement to pay 30% on 31 March 2025 and the remaining 20% on 31 March 2026.
  - Monitoring of the performance of the subsidiaries Viscofan USA Inc and Viscofan Globus Australia PTY LTD.
  - Inventory tracking.
  - Long-term power purchase agreements (PPAs) signed by the Spanish subsidiary Viscofan España S.L.U. as part of the Group's decarbonisation strategy.
  - Impacts arising from the application of Directive 2022/2523 (Pillar 2) on the minimum taxation of the Company applicable in 2024.

The Committee has verified the statements made by the external auditor regarding its independence in relation to the entity or entities related to it, receiving their statement of independence and issuing the corresponding report on the independence of the auditor, which is contained in Section D of this document.

The Audit Committee has been informed of and has followed up on the internal control recommendations made by the external auditor arising from its review of the main cycles and controls, including the review report in accordance with the CNMV's guidelines.

Lastly, following the process of evaluating PWC's performance, it was agreed to submit to the Board of Directors a proposal for its re-election as auditor for 2025, which the Board of Directors will submit for approval at the Ordinary General Shareholders' Meeting in 2025.

B.4.2) Verification of the consolidated non-financial statement and sustainability report

Here, we should distinguish between the Committee's work to assure the non-financial information statement for financial year 2023 and the engagements on such information for financial year 2024, for the preparation and assurance of which the assurance provider relied on Spanish Law 11/2018 on non-financial reporting and diversity (still in force) and on the Corporate Sustainability Reporting Directive (CSRD), in accordance with the criteria expressed by the Spanish National Securities Market Commission (CNMV) and the Institute of Accounting and Auditing (ICAC), even though the law transposing the aforementioned Directive had yet to be passed by the end of financial year 2024.

In relation to the 2023 sustainability report (approved by the 2024 Ordinary General Shareholders' Meeting), the Committee has monitored the work of the external assurance provider, Deloitte, S.L., to be informed of the work carried out and to ensure the integrity of the information included in the individual and consolidated management reports, including the non-financial information statement. The Committee requested the presence of the external assurance provider on one (1) occasion to be apprised of the main conclusions of the verification of the 2023 sustainability report, with no qualifications.

In relation to the consolidated non-financial information statement and sustainability report for 2024, the Company, at the proposal of the Committee, has appointed PwC to verify this information. PWC has supplied the Committee with the analysis of the independence and permissibility of the service, and the Committee has required the presence of the new assurance provider on two (2) occasions during 2024: the work teams were introduced and engagement planning and pre-close engagements were monitored for the Group's adoption of the new CSRD sustainability reporting standards.

Consequently, following the work of the external auditor and assurance provider, on 27 February 2025, the Audit Committee will report favourably to Viscofan's Board of Directors on the Group's individual and consolidated financial statements, as well as Viscofan's individual Management Report and its Group's consolidated management report, including the consolidated non-financial information statement and sustainability report for the year ended on 31 December 2024.

B.4.3) Internal Audit

The Internal Audit department reports functionally to the Audit Committee and, as a result of that relationship, the Committee has analysed and approved the 2024 engagement plan, has regularly monitored execution of the same and has received direct reports on any progress and incidents in its implementation.

In 2024, Internal Audit carried out audits on both the Group's global processes (quality management, sampling and complaints process, strategic suppliers and monitoring of the main investment projects) and audits on certain processes of subsidiaries in the different regions in which the Group is organised (EMEA, APAC, North America and South America), and it followed up on the main risks and support for the extension of the risk model to subsidiaries, and completed the established annual plan. This year the "Continual Audit" project continued, involving the automation of detective (alerts) and corrective controls in the SAP management system environment for different Group processes, and in the development of a visualisation and analysis model. The control systems for financial and non-financial information have also been supervised.

Within the framework to supervise the effectiveness of Internal Audit, the Audit Committee was informed of the reports issued by Internal Audit upon completion of its activities, and of the follow-up to the recommendations and action plans included in these reports, and of its compliance, and it concluded that none of them reveal situations that indicate significant weaknesses.

As in previous years, the Audit Committee has assessed the performance of the Head of Internal Audit in accordance with the objectives set for 2024, the result of which has been highly satisfactory.

B.4.4) Financial and non-financial information

The Committee has reviewed the financial (quarterly, half-yearly and annual) and non-financial (annual) information of the Company and the consolidated Group in a timely manner, before its presentation to the Board of Directors. It reported favourably thereon to the Board for approval and subsequent submission to the authorities and the market, as well as for the submission of the financial statements and the non-financial information statement to the Company's shareholders for approval at the Ordinary General Shareholders' Meeting. To carry out this task, the Committee has relied on the review of the information and explanations provided periodically by the Corporate Finance Division and the Head of Internal Audit, as well as by the external auditor, to confirm that this information is reliable, understandable and relevant and that accounting criteria consistent with the previous year-end have been followed. It has monitored the Group's corporate performance, albeit with an on-going quest for simplification and efficiency. The Committee has overseen the correct application of the accounting principles and practices, and the assessment criteria followed in the process of preparing and presenting the mandatory financial information. In addition, the Committee has monitored the development of the main figures of the Group's balance sheet and income statement and has obtained the additional information it considered appropriate prior to its presentation to the Board of Directors.

Consequently, following the work of the auditor and external assurance provider on the 2024 financial and non-financial statements, during the meeting scheduled for 27 February 2025, the Audit Committee will report favourably to Viscofan's Board of Directors on the Group's individual and consolidated financial statements, as well as Viscofan's individual management report and its Group's consolidated report, including the consolidated non-financial information statement and sustainability report for the year ended on 31 December 2024.

B.4.5) Risk management and internal control systems

Another of the responsibilities exercised by the Audit Committee was the review of the internal control systems set up by the Group, including the results of the review of the Internal Audit Department and the systems for risk management. In specific terms and as regards risk management and internal control systems, the Audit Committee has supervised:

- The quarterly reports on internal control of financial information prepared internally by Internal Audit.
- The review of internal control over sustainability reporting by the Internal Audit Department.
- The Group's risk map, with information on the activity carried out by the Global Risk Committee, which met three (3) times in 2024.
- The control activities carried out by the Investment Committee and the Credit Risk Committee.
- Monitoring of the principles and good tax practices included in the Group's Tax Policy prior to its consideration by the Board of Directors, including Directive 2022/2523 on minimum taxation applicable in 2024, which is expected to have no material impacts on the Group's fiscal situation.
- Cybersecurity Master Plan risks.

B.4.6) Ethics and Compliance Committee.

The Committee also supervises the activities of the Ethics and Compliance Committee. Its function includes the management, monitoring and, where applicable, proposed updating of the Group's Ethics and Compliance system and, particularly, supervision of communications received via the Ethical Channel/Integrity Line.

In particular, in this year, the Compliance Plan 2024-2025 has been initiated. Also, the Ethics and Compliance Committee has reported to the Committee on the application of the Group's Ethics and Compliance System in the year, and the monitoring of the aforementioned Compliance Plan, through a half-yearly report and the annual report, including information on the operation and communications received through the Group's Ethical Channel/Integrity Line.

B.4.7) Training sessions

In accordance with the planned training plans, the Audit Committee has carried out or participated in five (5) training sessions: one session for the members of the Committee on the update of the "CNMV Technical Guide on Audit Committees"; and four (4) sessions together with the other Board members because of the cross-cutting nature of their topics. These sessions focused on "Generative Artificial Intelligence", "Sustainability Challenges for Corporate Governance", "Market Trends in Foods & Ingredients" and "Status update on digital transformation at companies".

B.4.8) Other functions

As regards other functions, the issuance of the mandatory report required by current legislation and the Company's internal regulations, when related-party transactions have been submitted to the Board of Directors or with entities related to directors, although not expected for 2024 (a matter which is explained in detail below in section C).

B.4.9) Assessment

Promoted by the ARSC, as part of the Board's assessment of the Committees, the Chairman and the Chief Executive Officer, the Audit Committee has assessed the quality and operation of the Committee. The conclusion was that there is a high level of commitment and that the provisions of the law and internal regulations have been complied with in terms of its organisation, operation and activities to be covered. In particular, the overall assessment in 2024 has been the same as the previous year: according to the criteria used, the Committee shows excellent operation. In line with its continuous improvement and according to the assessment, the Committee must continue to make progress in everything related to the Control System and the Risk Map and in its collaboration, including a joint session, with the Appointments, Remuneration and Sustainability Committee on matters of sustainability.

C. REPORT ON RELATED-PARTY TRANSACTIONS

The Audit Committee has prepared this report on related-party transactions for publication on the Company's website (www.viscofan.com), in accordance with recommendation six of the Good Governance Code of Listed Companies.

Pursuant to the Board of Directors' Regulations and Audit Committee Regulations, one of the duties of the Audit Committee is to report to the Board of Directors, before adopting related-party transactions in the cases and terms envisaged in the Corporate Enterprises Act. Likewise, and in accordance with internal regulations, it reports prior to the adoption by the Board of Directors of transactions with entities related to the directors.

During the year, none of the companies that are part of the Viscofan Group have carried out transactions with related parties. However, during 2024, the Group carried out transactions with Banca March S.A., a financial institution linked to Corporación Financiera Alba, S.A., which held 14.25% of the Company's shares as at 31 December 2024. Specifically, the Committee, at the meeting of 24 January 2024 and in accordance with the Company's internal regulations, issued a favourable report (as it was carried out under normal market conditions) on the renewal of a credit facility with a limit of €10 million between the Company's subsidiary, Viscofan España S.L.U., and Banca March S.A. In the aforementioned transaction, in accordance with the provisions of Article 228(c) of the Capital Companies Act in relation to Article 231 of the same Law, the Committee members in respect of whom Banca March S.A. is a related party abstained from participating in the deliberation and voting of the corresponding resolution

D. REPORT ON THE INDEPENDENCE OF THE AUDITOR

The Audit Committee issues this report in compliance with its duty to express its opinion on the independence of the accounts auditor included in Article 15 of the Board of Directors Regulations and Article 26.3 of the Committee Regulations.

As the external auditors of Viscofan S.A., PwC and its subsidiaries have audited the accounts for 2024, the sixth year in which they have provided this service.

During 2024, the Audit Committee oversaw and monitored the arrangement of non-audit services at all Group companies, as specified in the pre-approval policy on external audit services. The following table is derived from this monitoring and will be contained in the notes to the financial statements:

FY2024	Thousands of euros		
	In the parent company	In the rest of the companies	Total
PwC Auditores, S.L.	131	156	287
PwC Network	0	499	499
Audit services	131	655	786
PwC Auditores, S.L.	124	8	132
PwC Network	0	39	39
Other audit-related services	124	47	171
Total as at 31 December 2024	255	702	957

FY2023	Thousands of euros		
	In the parent company	In the rest of the companies	Total
PwC Auditores, S.L.	127	151	278
PwC Network	0	545	545
Audit services	127	696	823
PwC Auditores, S.L.	4	11	15
PwC Network	0	38	38
Other audit-related services	4	49	53
Total as at 31 December 2023	131	745	876

The Audit Committee has received a declaration of independence from PwC, Auditores S.L. They declare that they have complied with the requirements to guarantee their independence as external auditors with regard to the commission and performance of the audit, the audit services and other services, as well as the existence of the procedures aimed at identifying and evaluating threats that may arise from circumstances related to audited entities and that may pose a significant threat to their independence.

Therefore, the Audit Committee considers that the requirements to guarantee the independence of the PwC external auditors have been met and will inform the Board of Directors accordingly.

This report was unanimously approved by the Audit Committee at its meeting of 19 February 2025 and sent for the approval of the Board of Directors.