

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.

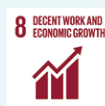
Material aspects

- Sustainable supply chain management
- Human rights
- Consumer health

Axis of action



- 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 meats manufacturing processes, contributing in the long term to meeting the growing demand for food.



- Through the Supplier Code of Conduct, Viscofan establishes a series of ethical, social and environmental commitments that all its suppliers must comply with.



- 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 the subsequent processing.

2023 Highlights

- In a context of more moderate demand, caused by a decrease in inventories in the industry, Viscofan's strategy has been to adapt production in its plants to this market environment.
- In January 2022 the Board of Directors of Viscofan S.A. approved the Viscofan Code of Conduct for Suppliers and Intermediaries.
- 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 (GFSI). In addition, 76% of the production plants have obtained the maximum mark (AA) on the BRCCS 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.

Implicit acceptance of the code is included in the Group's general purchasing conditions, which are sent with each purchase order and invoice.

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 relationship with third parties.

Ethical channel Integrity line: the Internal Information System policy and the Information Management Procedure, which regulate how the Ethical Channel Integrity Line operates, have been approved in accordance with the highest standards of whistleblower protection and current legislation. It allows complaints to be lodged anonymously and is open to third parties so that any supplier or potential supplier can report facts or situations that may be contrary to the code of conduct or current legislation through the channel enabled for this purpose on the corporate website, on its home page, in a separate and easily identifiable section.



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 a verification, either in person or through the completion of a questionnaire. In both cases, among other matters, the following systems are assessed: quality management (ISO 9001, IFS), food safety management in the case of raw material suppliers (FSSC 22000, BRCGS Food Safety, BRCGS Packaging Materials), occupational health and safety management (OHSAS 18001/ISO 45001), environmental management (ISO 14001), energy management (ISO 50001) 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 of 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 €745.1 million to reflect the distribution of value to suppliers of goods and services, and 53% of raw materials were purchased from local suppliers⁽³⁾ (52% in 2022), 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 2023 was 21 days (2022: 24 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.

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



the system for suppliers

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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

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: production facilities are built to comply with food safety regulations, 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, and action protocols in the event of a food safety crisis, pest control, control of hazardous substances, personal hygiene and visitor policies are all in place.

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 applicable legislation. The production of casings is increasingly regulated in the area of food safety by countries and supranational institutions, creating 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 2023, with 76% of the plants obtaining the maximum (AA) rating in the BRCS food safety certificate, a considerable improvement compared to 45% five years ago.



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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	BRCGS Packaging Materials BRCGS Food Safety	ISO 9001
	Urdiain	BRCGS Packaging Materials	
Czech Republic	České Budějovice	BRCGS Packaging Materials BRCGS Food Safety	ISO 9001
Germany	Weinheim	BRCGS Food Safety	ISO 9001 ISO13485
	Alfhausen	BRCGS Packaging Materials	ISO 9001
Serbia	Novi Sad	BRCGS Packaging Materials BRCGS Food Safety	ISO 9001
Belgium	Hasselt	BRCGS Packaging Materials	ISO 9001
China	Suzhou	BRCGS Packaging Materials BRCGS Food Safety	ISO 9001
Canada	Montreal	BRCGS Packaging Materials	
	Moncton	BRCGS Food Safety	
US	Danville	BRCGS Packaging Materials	ISO 9001
	Montgomery	BRCGS Packaging Materials BRCGS Food Safety	ISO 9001
	New Jersey	FSSC 22000	ISO 9001
Mexico	San Luis	BRCGS Packaging Materials	ISO 9001
	Zacapu	BRCGS Packaging Materials	ISO 9001
Uruguay	Pando	BRCGS Food Safety	ISO 9001
Brazil	Itu	BRCGS Packaging Materials BRCGS Food Safety	ISO 9001
	Ermelino	BRCGS Packaging Materials	
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

In 2023, Viscofan has maintained its 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 22% market share that has placed their trust in our products in 2023.

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 customer satisfaction survey, conducted in 2023 with 2022 sales data, a total of 322 questionnaires were sent and the result gave a satisfaction rate of 80%.

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 2023, a total of 3,903 complaints ⁽⁴⁾ were registered in our systems, including both service and administrative or product complaints, compared to 3,927 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 2023, 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.

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

Estimated market share

22%

The customised casing market has a historical growth range of around 2-4% in volume thanks to solid foundations based on population growth, eating habits and greater sophistication of meat processors

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.



