



Annual Report 2023

*Reshaping food and wellbeing.
For many, for long.*



Contents Index



1. Chairman letter



2. Statement of Non-Financial Information



2.1. General Information

- 2.1.1. Foundation
- 2.1.2. Business Model



2.2. Governance Pillar

- 2.2.1. Good governance practices
- 2.2.2. Regulatory compliance system
- 2.2.3. Risk management
- 2.2.4. Prevention of corruption, fraud and money laundering



2.3. Environmental Pillar

- 2.3.1. Governance, strategy and resources for environmental sustainability
- 2.3.2. Climate change management and energy efficiency
- 2.3.3. Responsible management of the end-to-end water cycle
- 2.3.4. Circular economy
- 2.3.5. Responsible supply chain management
- 2.3.6. European taxonomy for environmentally sustainable economic activities



2.4. Social Pillar

- 2.4.1. Work management
- 2.4.2. Taking care of the supply chain
- 2.4.3. Local communities
- 2.4.4. Responsible taxation



2.5. Economic and financial pillar

- 2.5.1. Stock market performance
- 2.5.2. Economic and management results



2.6. Annexes

- 2.6.1. Global Reporting Initiative content index (GRI)
- 2.6.2. Content index of Law 11/2018 on Non-financial and diversity information
- 2.6.3. Alternative performance measures

Chairman letter

1



Chairman's letter

Thanks to the transformation that we are undergoing through this Beyond25 strategic plan and a coherent trajectory of continuous improvement, we have been able to confidently face one of the most difficult years in recent decades caused by the decline in the casing market.



This year, we have continued to transform the company in accordance with the inspiring purpose of our Beyond25 strategic plan. We want to strengthen Viscofan in the traditional casings market and go further in diversifying opportunities that new businesses represent, relying on the four pillars that are the hallmark of the Viscofan Group: leadership in service, costs, technology, and sustainability.

Among all the projects carried out in 2023, I would like to highlight the launch of new lines in the United States at the Danville and New Jersey plants. They both have new cellulose and collagen technology that will allow us to become competitive in the American market again. The first productions using the new technologies have been very satisfactory, with some results exceeding our expectations. The United States is the main market for casings, and the technology we currently have places us in a privileged position to reinforce our leadership in the country and improve our profitability.

In terms of sustainability, we are carrying our very significant work in our decarbonisation and energy diversification plans. This is a fundamental challenge for all industries, not just ours. Although there is currently no viable technological solution that allows us to do without fossil fuels, Viscofan has been a pioneer in green hydrogen testing in Cáseda, both in boilers and in co-generation engines. We are also making significant investments that enable us to electrify more of our industrial process and have a more versatile energy supply.

In the field of geographical positioning, we started working on installing a converting centre in Thailand, which is expected to be ready in 2024 and will become the reference centre to meet the needs of the Southeast Asian markets. As we often say, the Asian continent has great potential growth. It is an extensive territory with more than half of the world's population and a multitude of cultures, and the development of the food industry is not always sufficient to meet the continent's most basic needs. All in all, it is a continent with great dynamism that is improving its infrastructure and capabilities, and Viscofan wants to support this evolution from the continent itself. Our local productive presence in the region is a great opportunity as a source of future competitive advantage.

Thanks to the transformation that we are undergoing through this Beyond25 strategic plan and a coherent trajectory of continuous improvement, we have been able to confidently face one of the most difficult years in recent decades caused by the decline in the casing market.

Average workforce

5,300

people who currently work at Viscofan



Among all the projects carried out in 2023, I would like to highlight the launch of new lines in the United States at the Danville and New Jersey plants.

It is undeniable that the market adjustment in 2023 surprised us. It was the most significant decline in recent decades, and it occurred in all reporting areas without exception. It is framed within a context of inventory adjustment, but it is extending over time due to economic weakness and the consequent lower consumption in some markets, mainly emerging markets.

Once again, we must highlight the excellent work of the 5,300 people who work at Viscofan. In a more adverse context than expected, the strength of our business model and the adaptability of our people has allowed us to reach new historical highs with year-on-year growth in terms of revenue (2% compared to the previous year), EBITDA (1% compared to the previous year) and net result (1% compared to the previous year), while maintaining the financial strength of the Group with a net bank debt of 138 million euros.

Improving the main financial figures in a market that has declined in absolute terms is a significant milestone made possible by the commercial effort to improve the price mix to counteract the increase in production input costs, mainly energy and wage costs, and the focus on cost control and margin protection.

Having implemented the major organic transformation projects envisaged in the Beyond25 plan, we are well positioned to grow significantly in revenue, EBITDA, and net profit in 2024, while we expect the market to return to historical growth rates.

Given the prospect of operating cash flows higher than those anticipated in the Beyond25 strategic plan, the Board of Directors has resolved to submit the approval of an extraordinary shareholder remuneration to the General Shareholders' Meeting. This means the total remuneration per share expected for the 2023 financial year is €3.00, of which €2.00 is ordinary and €1.00 is extraordinary, maintaining a growing dividend that has led us to double the ordinary dividend without compromising the strength of the balance sheet in the last ten years. Unlike previous years, this year we plan to make the dividend payment using a flexible remuneration scheme, so that a choice is made between receiving cash or freed-up shares of the company based on the shareholders' preferences. At the same time, to avoid the dilution of the rights of shareholders who have preferred cash remuneration, the equivalent number of the new shares issued will be amortised with treasury stock.

Viscofan's transformation also represents a determined commitment to a more sustainable world, consistent with our explicit commitment to adhere to the United Nations Global Compact and the development of our Sustainability Action Plan. In 2023, some of the goals planned for 2030 have already been achieved, such as the reduction of CO₂ per km produced and the reduction of water, while the rest of the initiatives are in line with the established objectives.

Remuneration per share

€3.0

€2.00 is of an ordinary nature, and €1.00 is of an extraordinary nature

Within this process of change, new developments in governance towards a non-executive presidency model have also been incorporated since last 1 January. When I assumed the executive presidency of this group in 2010, I did so with all the enthusiasm and responsibility that came with the commitment to reinforce Viscofan's leadership and growth trajectory. Looking back over all these years, I must admit that the results have been even better than what I imagined before getting to know this company in depth. In this period, we have more than doubled our size in revenue, results, dividends, and value. We have expanded our geographical presence, reinforced our industrial park, and strengthened our balance sheet. We have a well-defined strategic plan and sufficient strength to continue creating future value for all stakeholders. This is a future that I have also approached with optimism and enthusiasm since I took up my position as non-executive chairman on 1 January, and I and the Board of Directors are confident in the executive work of José Antonio Canales, who was appointed First Executive at the beginning of this year.

I would like to personally thank the work of an exceptional team of people, from the 3,800 we were when I started my mandate as chairman, to the more than 5,300 people who currently work at Viscofan, as well as the customers and you shareholders, whose trust has enabled a company with a market capitalisation of more than 1,300 million euros in 2010 to end 2023 with a market capitalisation of close to 2,500 million euros after distributing more than 900 million euros in dividends. A fabulous present that still has a long way to go to continue growing and creating sustainable value for all its stakeholders.

Thank you very much.

José Domingo de Ampuero y Osma

Statement of Non- Financial Information

2





2.1

General Information

2.1.1 Foundation

The Non-Financial Information Statement (Sustainability Report) aims 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, as well as identify risks to improve sustainability and increase the confidence of investors, consumers and society.

This non-financial statement covers the period from 1 January to 31 December 2023 for the financial year of the Viscofan Group.

The scope of this report covers the companies that form part of the Viscofan Group at 31 December 2023, 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 29 February 2024.

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.

Additionally, the Environment section of this report complies with the information obligations established by Article 8 of Regulation 852/2020 of the European Union regarding the establishment of a framework to facilitate sustainable investments. This regulation is developed by Delegated Regulation 2139/2021, which establishes the technical selection criteria for determining under what conditions an economic activity will be considered to contribute substantially to the objectives of mitigation and adaptation to climate change, and by Delegated Regulation (EU) 2023/2486 in the case of the objectives sustainable use and the protection of water and marine resources, the transition to a circular economy, the prevention and control of pollution, or the protection and recovery of biodiversity and ecosystems. All of this, in accordance with Delegated Regulation 2178/2021, which develops the reporting methodology.



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.

This report details and explains the relevant aspects identified in the materiality analysis based on the 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 2.6.1 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 2.6.2. Content index of Law 11/2018 on Non-financial and diversity information.

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:

Stakeholders and the communication channels				
Shareholders	Employees	Customers	Suppliers	Society
<h3>Specific communication channels</h3>				
<p>General Shareholders' Meeting, roadshows, conferences, telephone contact, electronic communication platforms, and via email, corporate website, shareholder office, etc.</p>	<p>Intranet, global opinion poll, meetings and presentations, training sessions, direct relationship with managers, internal magazine, whistleblowing channel, bulletin boards and information screens</p>	<p>Customer satisfaction surveys, seminars and events organised by Viscofan, technical assistance telephone and email 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</p>	<p>Direct contact, collaboration agreements, training, assessments, and audits</p>	<p>Contact with the local community, civil society actors, partnership agreements, sponsorships, etc.</p> <p>Contact with governmental institutions, associations</p> <p>Collaboration with research centres and institutes in different countries</p>
<h3>Sustainability concerns and challenges</h3>				
<p>Sustainability as risk and opportunity</p> <p>Strategic focus in value creation</p>	<p>Talent retention, diversity, equal opportunity, job security</p>	<p>Increased demand for products with lower carbon footprint, human rights advocacy</p> <p>Demand for sustainability information, audits</p>	<p>They face environmental and social sustainability challenges.</p>	<p>Combating climate change as a primary objective</p> <p>Increased demand for sustainability information</p> <p>Consumer demand for a healthier and more sustainable product</p>
<h3>Value proposal</h3>				
<p>Sustainable economic growth</p>	<p>Developing talent and skills by promoting a safe and diverse work environment</p>	<p>Preferred option in line with its needs to improve process efficiency and sustainability</p>	<p>Alliance and respect in the search for the best solutions in our activity.</p>	<p>Sustainable economic growth, information transparency, territorial integration and community development</p>

Materiality

This report contains the information on the performance and response of the Viscofan Group to the most significant aspects identified, considering 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 considered:

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

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

- Analysis of the reporting standards used by benchmark companies and the main customers.
- Analysis of different media to identify trends in the most significant aspects for society.
- Sustainability trends. United Nations Global Compact and Sustainable Development Goals (SDG), Task force on Climate-related Financial Disclosures (TCFD) and CDP.
- Reporting standards (Sustainability Accounting Standards Board or "SASB").
- Requirement of analysts and institutions.
- Regulatory analysis. Law 11/2018, of 28 December, which amends the Code of Commerce, the consolidated Corporate Enterprises Act approved by Legislative Royal Decree 1/2010, 2 July, and Audit Law 22/2015, 20 July, 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 and reputation and on the environment.

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



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.

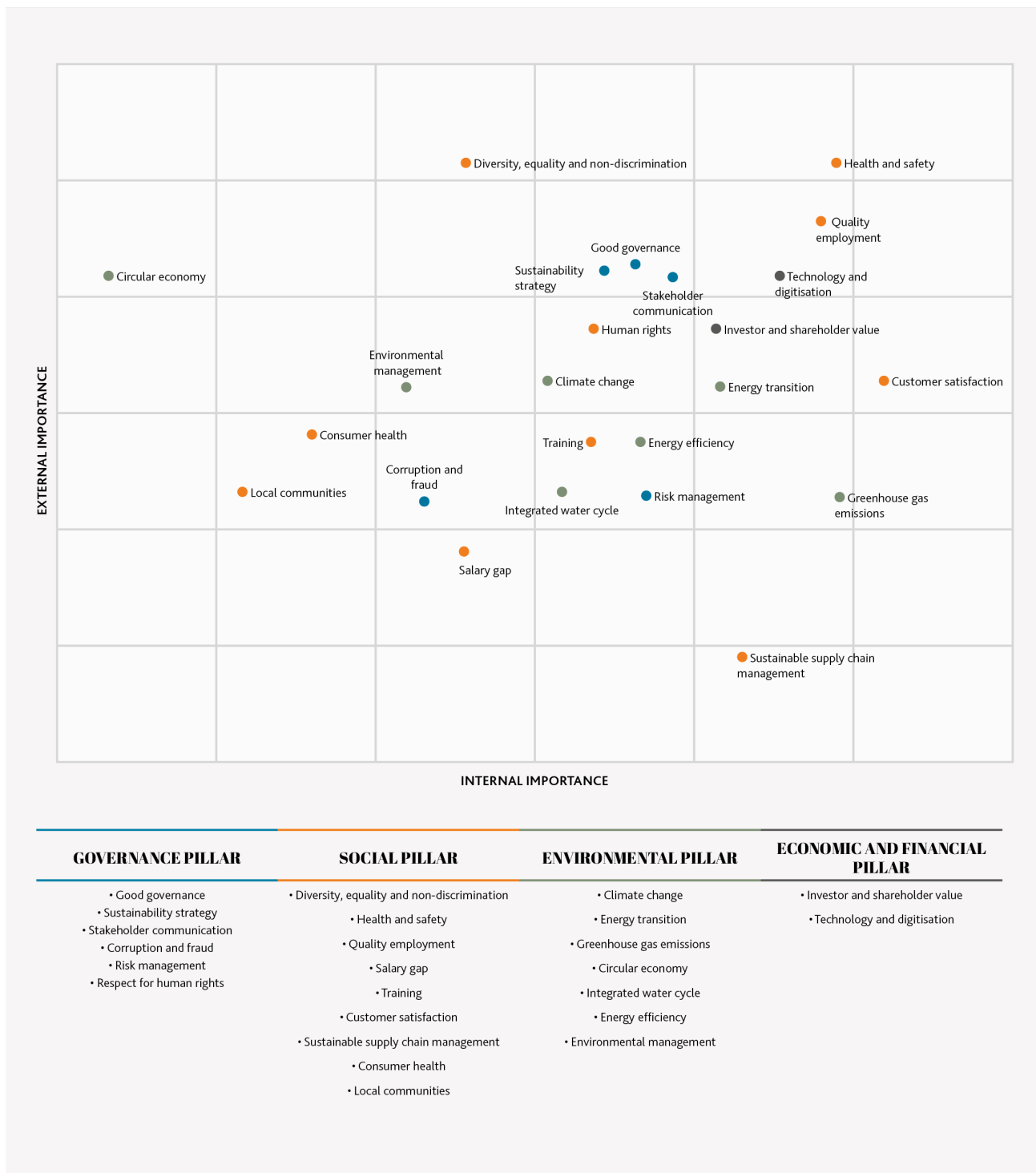
Of the 45 material aspects analysed, the positioning obtained allows Viscofan to focus on the 24 topics of greatest external and internal relevance in the matrix obtained, which are reported in this Non-Financial Information Statement.

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.

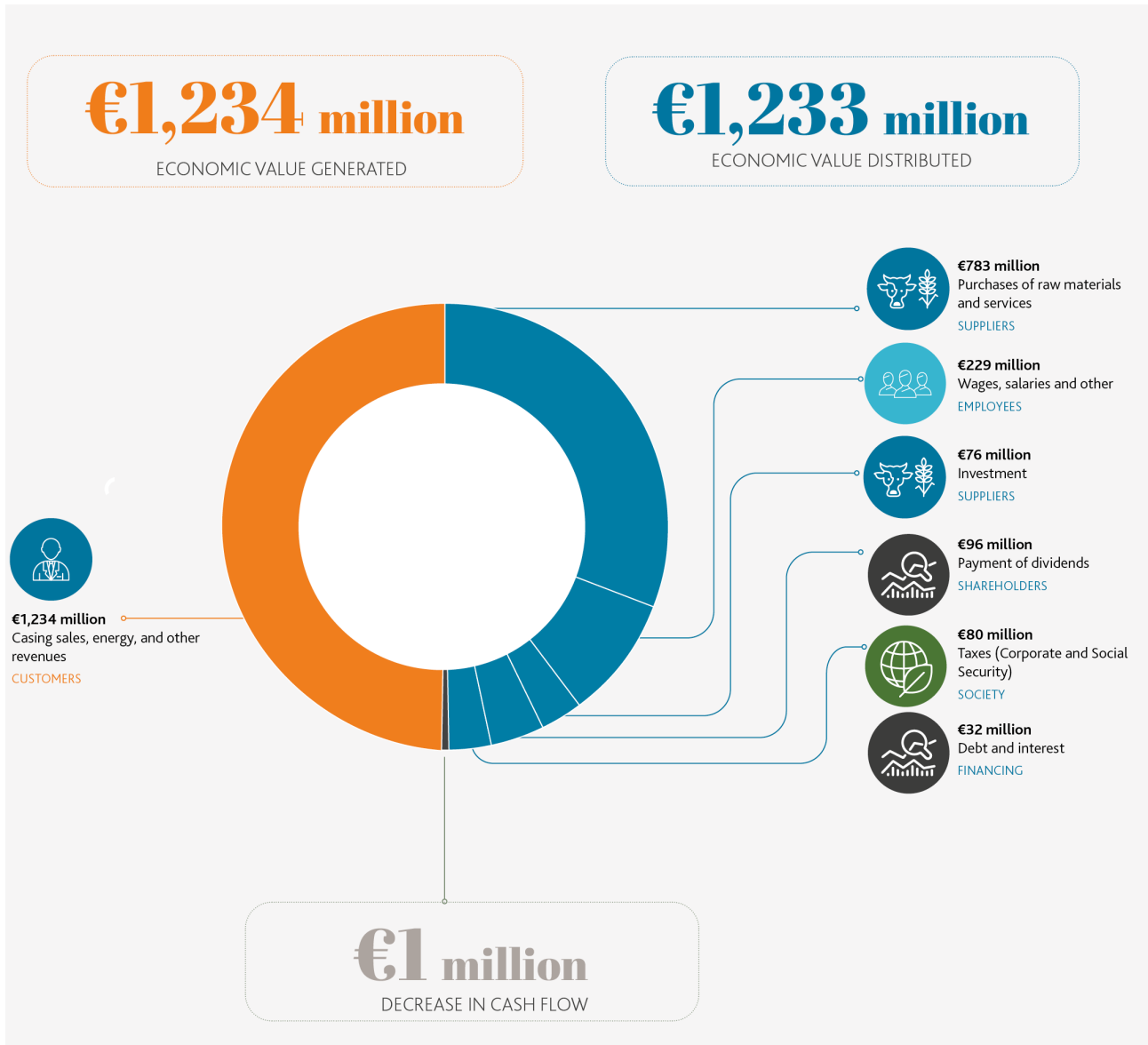


Of the 45 material aspects analysed, the positioning obtained allows Viscofan to focus on the 24 topics of greatest external and internal relevance.



Generated and distributed value matrix

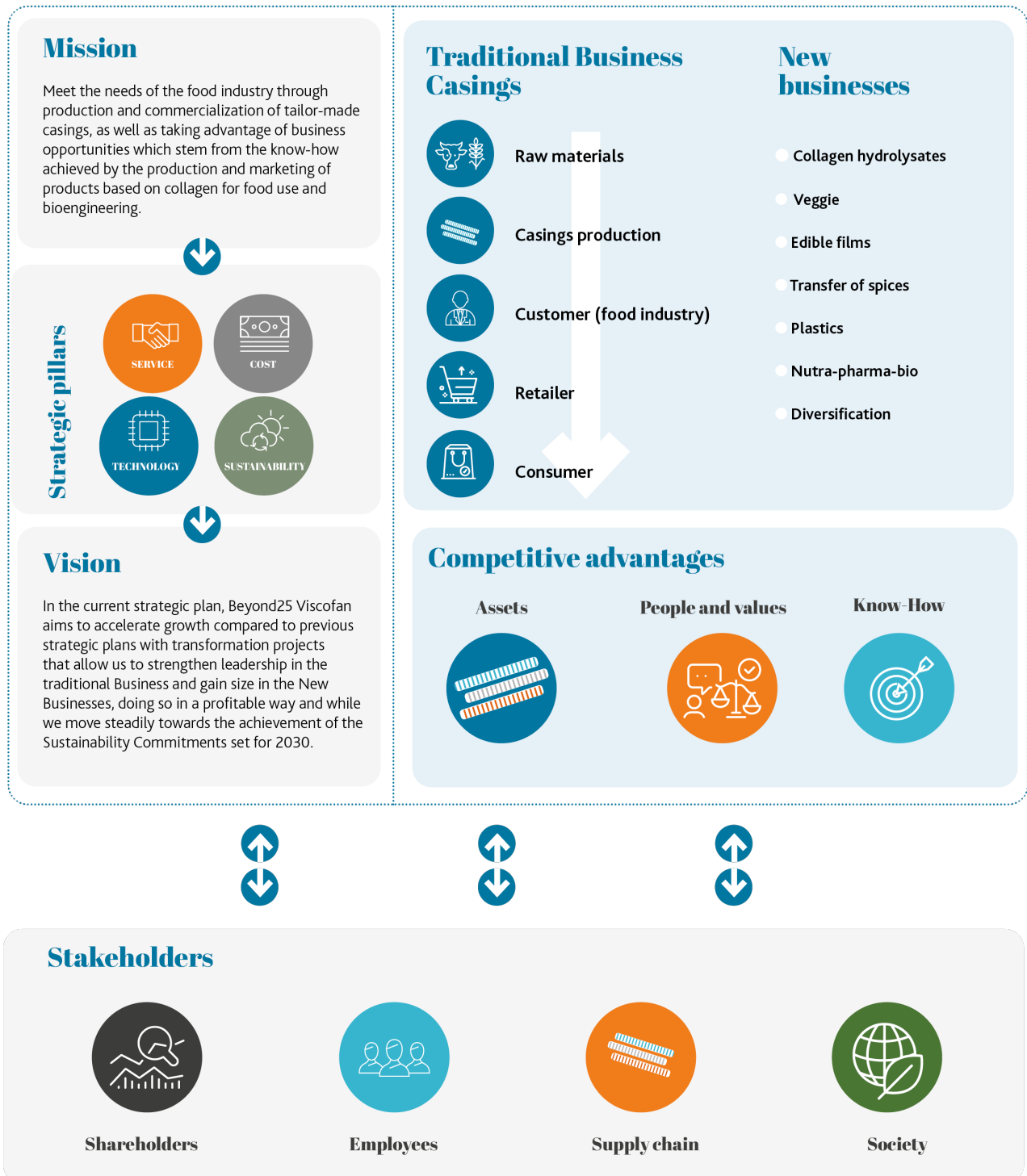
Based on the cash flows generated in 2023, the matrix of value generated and distributed by stakeholder is as follows:



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 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.

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

"For many" 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, for the well-being of everybody. It is our sustainable proposal.

Mission

Meet food industry needs through the production and sale of casings, and to seize the business opportunities that arise from know-how achieved by the company through the production and sales of collagen-based products for food use.



Strategy

The current Strategic Plan, called Beyond25, maintains 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”.

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 an approach to the market that distinguishes between the Traditional Business (which includes cellulose, collagen and fibrous casings) 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 line with this strategic plan, Viscofan has its 2022-2025 Sustainability Action Plan 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 current Strategic Plan, called Beyond25,

maintains 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”.



Main strategic projects carried out in 2023 financial year

Decarbonisation

New tests with green hydrogen in a co-generation engine, installation of electric boilers, and a previous project for the implementation of a photovoltaic PPA at the Cáseda plant.

Energy efficiency

Commissioning of a new evaporation plant at the Cáseda factory (Navarre), making it possible to increase evaporation capacity and to reduce energy consumption and, consequently, CO2 emissions.

Technology

Completion of the technology renewal project for cellulose production in the United States.

Service

Start of construction work for a cellulose and collagen casings converting plant in Thailand.

Digitalisation

Viscofan is working on capturing data at converting plant level by building an Internet of Things model. In addition, at Cáseda work is being done on capturing energy data for the purposes of control, modelling, and prediction of consumption and generation, using artificial intelligence and data science techniques.

New businesses

Ingredient transfer production relocated from Canada to Mexico to boost its capacity and improve its cost structure.

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 demands more products with greater features, more sustainable and at highly competitive costs, in order 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

INNOVATION PRESENT THROUGHOUT THE WHOLE

Development of new products and improvement of a proprietary technology



RAW MATERIALS	EXTRUSION	CONVERTING	COMMERCIAL	FOOD INDUSTRY	RETAILER	CONSUMER
Extremely pure cellulose, collagen skins, abaca paper,, etc. depending on the type of casing	In the mechanical and chemical process, the raw materials are extruded in a seamless tube and wrapped around reels (plain casing)	Plain casings are pleated to convert them into a sticks that are better adapted to the process used by our customers	Viscofan has a global sales and distribution network, and a team of technical advisors	Viscofan supplies a tailor-made product to meet customers requirements	The casings enable our customers to comply with high standards and quality for food products	Food for a growing population that exceeds 8,000 million people

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 continues to grow and whose expectations regarding flavour, formulation and consumer experience also transform and vary, with the maximum guarantee of quality and food safety.

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

Population growth

An average annual rate of 1%, with emerging areas driving this expansion.

Eating habits

Increased per capita demand for meat led by emerging areas thanks to the increased purchasing power of the middle classes, globalisation of eating habits and the 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.

In 2023, it is estimated that the casings market decreased by 4% in volumes, influenced by a process of inventory adjustment in the meat industry, and the decrease in consumption, particularly in the emerging markets of Asia and South America. This lower volume of casings was offset by price increases, so that the estimated decrease in the market in euros is around 1%.

Thus, in 2023 the casings market has an estimated value of €5 billion. In order to meet stuffing requirements, a meat processor must choose from among the different market alternatives, either with animal tripe (44% of the market) or customised casings (56% of the market), which, in turn, can be produced with different materials, depending on the desired production and product characteristics, combining a better range of casings with production savings.

New Business

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:



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 innovation opportunity and, hence, a growth opportunity for Viscofan. A good example are the new solutions based on the technological knowledge of collagen.

Collagen is the most abundant protein in the human 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's health 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, nutraceutical and food 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, Cocoon Bioscience, and Inmedical Therapeutics).

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: The TriAnkle project, a consortium of companies led by Viscofan and funded by the EU to manufacture personalised 3D implants based on collagen and gelatin for the regeneration of injured tendons and cartilage; the European consortium Accelerating Research and Innovation for Advanced Therapies (ARDAT) for the development of advanced therapy medicines; and the European consortium projects "Brave" on cardiac regeneration and "Unloc" on 3D solutions for the field of "Organ on a Chip".

Finally, with the "Protection" and "Probonewfood" projects that seek to research new sources of protein and their impact on the immune system, and which are funded by the CDTI in Spain.



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.



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 5,346 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.
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In parallel, these values are based on irrevocable ethical principles that arise 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 the ideas between the different production centres. This team consists of 153 people across the Group (160 in 2022) spread across all factories including the Diversification team.

Constant innovation required by our **globalised world** must be considered. Our products must be compatible and adapt to the food habits and uses of millions of world consumers, their preferences and evolution over time. Viscofan 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.



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.

In this regard, Viscofan adapts a proactive approach in the search for sustainable solutions at technology and product level, boosting relevant aspects, such as the circular economy, the search for energy efficiency, the reduction of CO₂ emissions and the reduced need for water.

Progress in the field of **digitalisation** represents an 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 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.

In this area, it should be noted that, in 2023, Viscofan joined IndesIA, an industrial association in Spain that seeks to promote the data economy and artificial intelligence.

Innovation is an on-going process with strategic product and technological development projects in all casing families (cellulose, collagen, fibrous, plastic and vegetable), and in its final product applications, 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 under way are principally focused on the following areas:

- **The development of new products** according to the target markets defined in the expansion plan, and those required by our customers, and new generation executions, designed and oriented towards offering tubular alternatives with differential performance and features.
- **The development of films and casings that to confer functionalities** to the product they contain, gaining in efficiency and preventing food waste.
- **The development of production alternatives and technological solutions** that involve a major leap, through modernisation, streamlining and simplification, allow an increase in added value and efficiency levels and significantly reduced production costs for meat casings, thus improving the competitiveness of our products and processes.
- **A boost in the search for technological solutions** that allow us to improve the sustainability of our operations in energy efficiency and water consumption, efficiency in the use of raw materials and waste reduction and improvements in safety.
- **Research aimed at extending the range of adequate materials** to manufacture casings and their features, while also considering 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.



Innovation is an on-going process with strategic product

and technological development projects in all casing families (cellulose, collagen, fibrous, plastic and vegetable), and in its final product.

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” Viscofan 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 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.



Our product categories are:

Traditional Business - casings



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."

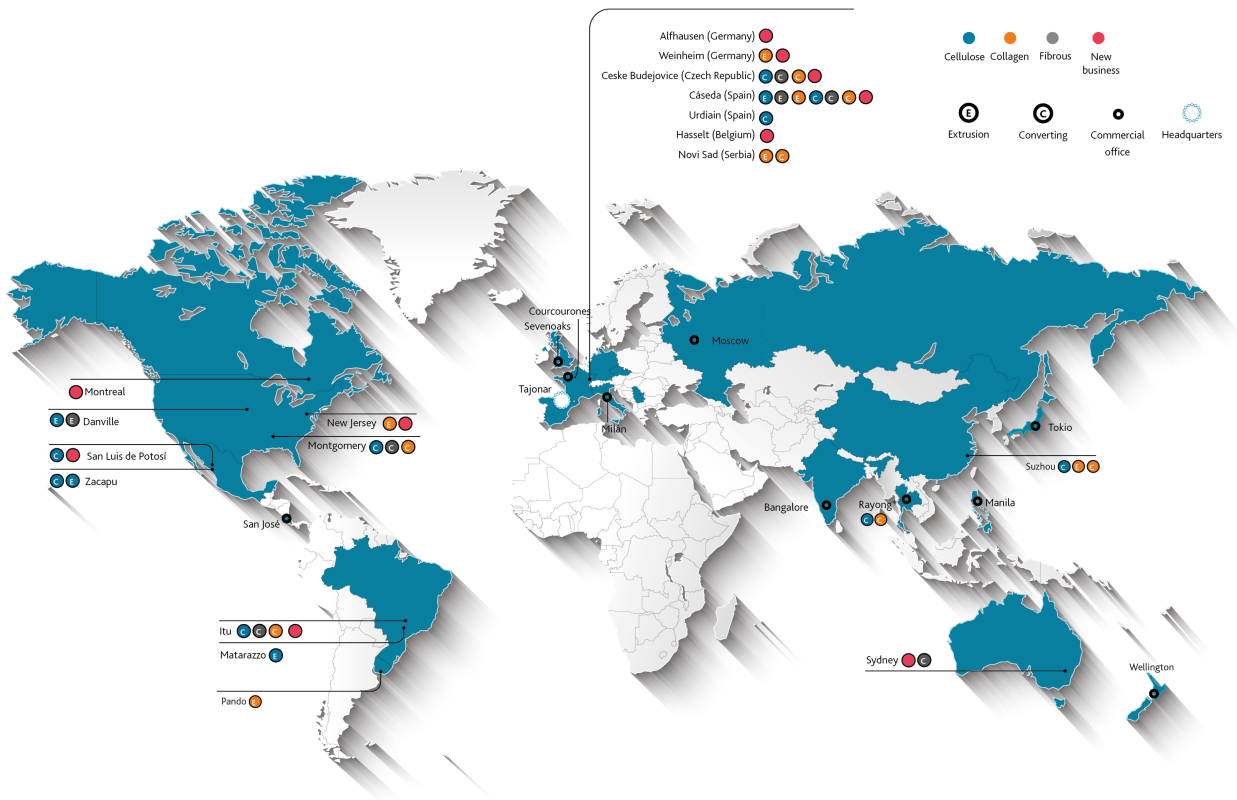
For more information on Viscofan's products, please consult the Products and Markets section of the corporate website.

Our assets. Geographical presence

The casing market is global. Our customers are in 113 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. Between 2022 and 2023, we have opened representative offices in Italy and the Philippines to improve our service in these important markets and learn more about them. In addition, in 2023 work began on the construction of a cellulose and collagen casings converting plant in Thailand, with the aim of starting up production at the end of 2024.

This expansion joins that carried out in 2021 when the Viscofan Japan GK company was incorporated to have an own commercial presence in Japan, one of the main casings 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 Business, 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:



Revenue

€1,300-€1,450

million

**annual CAGR
growth rate
between 8% and
11%**

EBITDA margin

25%

Accumulated investment

€350

million



Climate change

-30%

reduction of CO₂ emissions in tonnes/million metres extruded vs 2018.

Water

-10%

reduction in water withdrawal in m³/million extruded metres compared to 2018.

Diversity

30%

of women in executive positions

Circular economy

-30%

reduction in tonnes of waste disposed/million metres extruded compared to 2018.

Accident rate

-50%

reduction in the rate of work-related accidents compared to 2018.

Supply chain

100%

verification of 100% of suppliers of the main raw materials committed to the code of ethics.

Key figures

Financial	Measurement unit	2023	2022	2021	2020	2019
Revenue	Millions of euros	1,225.8	1,201.0	969.2	912.2	849.7
EBITDA	Millions of euros	268.4	267.2	246.7	234.4	201
Margin EBITDA	%	21.9%	22.2%	25.4%	25.7%	23.7%
Net profit	Millions of euros	141.0	139.4	133.0	122.5	105.6
Investment	Millions of euros	77.5	125.6	92.0	56.9	62.1
Net bank debt	Millions of euros	138.0	101.3	1.8	38.2	42.5
Dividend	Euros per share	3.0	1.95	1.84	1.70	1.62
Stock market capitalisation. Year-end	Millions of euros	2,492	2,799	2,646	2,699	2,19

Environmental	Measurement unit	2023	2022	2021	2020	2019
CO ₂ emissions. Scope 1 and 2	Tonnes	473,187	498,626	547,981	563,188	540,801
Emissions/Metres of casing extruded	Base 100 year 2018	70	72	84	94	101
Energy consumption	GWh	2,393	2,526	2,465	2,371	2,294
Consumption/Income	GWh/€Mn	2.0	2.1	2.5	2.6	2.7
Water captured	Cubic metres	10,112,337	10,691,735	10,781,067	10,378,646	9,440,345
Water captured/Metres of casing extruded	Base 100 year 2018	86	89	95	100	101
Captured water - Discharged water	Cubic metres	1,271,898	1,770,905	2,348,446	2,107,470	1,679,531
Waste	Tonnes	63,716	68,837	63,41	57,344	49,307
Recycled	%	57%	54%	47%	0%	46%
Of which disposed	%	43%	46%	53%	100%	38%
Waste disposed of/Metres of casings extruded	Base 100 year 2018	80	89	102	100	91

Social	Measurement unit	2023	2022	2021	2020	2019
Average workforce	people	5,346	5,317	5,083	4,967	4,628
% women	%	29.0%	28.9%	28.9%	29.1%	28.7%
% women in executive posts	%	22.4%	19.6%	17.9%	14.8%	15.4%
Average number of training hours per employee	hours	15.3	12.7	11.2	21.7	28.2
Severity index	unit	0.18	0.32	0.25	0.33	0.43
equivalent days lost due to accident per thousand hours worked						
Hours of training on human rights	hours	2,585	3,539	4,933	4,056	2,163

Governance	Measurement unit	2023	2022	2021	2020	2019
Percentage of independent directors	%	55%	55%	45%	45%	40%
Percentage of female directors	%	36%	36%	27%	27%	20%



2.2

Governance Pillar

Governance pillar

Viscofan adds a strategic value to its good corporate governance to provide a high level of trust to make its business goals and structure compatible with the protection of the rights of all stakeholders.

Material aspects Governance pillar

- Good governance
- Sustainability strategy
- Stakeholder communication
- Corruption and fraud
- Risk management
- Respecting human rights

2023 Highlights

- The General Shareholders' Meeting held in April 2023 approved the re-election of José Domingo de Ampuero y Osma as director for the statutory term of four years, and the ratification of the appointment by co-option and re-election of Javier Fernández Alonso as director with the category of nominee external director, for the statutory term of four years.
- The General Meeting of Shareholders also approved, by absolute majority, the Remuneration Policy for Directors for the years 2024, 2025 and 2026.
- The Board of Directors of Viscofan has agreed a change of type from executive chair to non-executive chair, which includes the appointment of a First Executive.
- Based on this agreement, the Chairman José Domingo de Ampuero y Osma, with effect from 1 January 2024, ceases to hold his executive functions in the Company and the Group, continuing his tenure as non-executive Chair of the Board of Directors and, consequently, moving to the category of "other external directors". José Antonio Canales García, Director-Managing Director, has been appointed First Executive of Viscofan, also with effect from 1 January 2024.
- Carmen de Pablo Redondo, independent external director, has resigned, with effect on 20 December 2023, as a member of the Board of Directors of the Company and its Audit Committee due to her increased professional responsibilities as Director of finance, strategy, sustainability, M&A, and systems in her company. To fill the vacancy, the Board of Directors has co-opted Verónica Pascual Boé, as independent external director, and Andrés Arizkorreta García, as member of the Audit Committee.



2.2.1. Good governance practices

Good corporate governance is a key factor to generate value, improve economic efficiency, integrate businesses, and bolster the trust of its shareholders and other stakeholders, thanks to the appropriate division of functions, duties, and responsibilities, among all the Company's governing and management bodies.

In recent years, it has progressively reinforced its structure to ensure the incorporation of the principles and best practices of good corporate governance, both nationally and internationally, adapting them to the circumstances of the Viscofan Group until reaching the best level of compliance.

The basis of the Viscofan Group's governance is its Articles of Association, the Regulations of the General Shareholders' Meeting (both updated at the General Shareholders' Meeting of 2022), 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 vis-à-vis 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.



Good corporate governance is a key factor to generate value,

improve economic efficiency, integrate businesses, and bolster the trust of its shareholders and other stakeholders.



Alongside this, the General Sustainability Policy is organised into specific policies in the main axes of sustainability procedures:



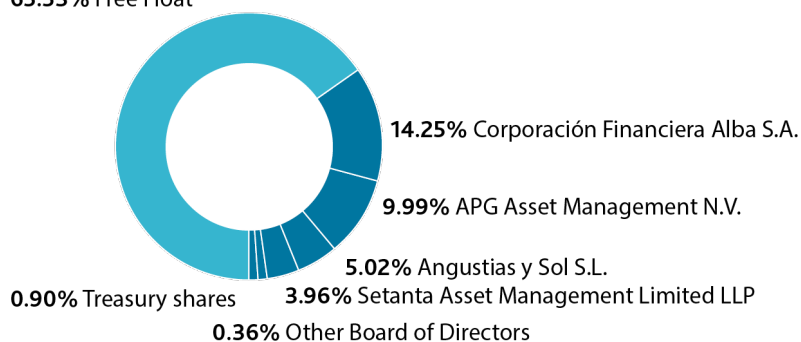
Governing Bodies

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 2023, the Parent Company is aware of the following significant interests:

65.53% Free Float



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 2023 General Meeting for the year was attended by 86.1% of the company's share capital, maintaining the high attendance percentage at the General Meetings of recent years, above the average for listed companies, which is especially significant taking into account the company's high floating capital.

The breakdown of data on attendance at General Meetings in recent years is as follows:

Data on attendance at General Meetings

General Meeting	27/04/2023	29/04/2022	23/04/2021	24/04/2020
% present	20.1%	19.9%	19.3%	19.2%
% in representation by proxy and distance voting	66.0%	62.8%	62.8%	68.4%
Total attendance	86.1%	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.



The 2023 General Meeting for the year was attended by 86.1% of the company's share capital,

maintaining the high attendance percentage at the General Meetings of recent years.



In recent years, Viscofan has been pursuing a series of initiatives to **promote transparency, communication and shareholder participation at the General Meeting.**

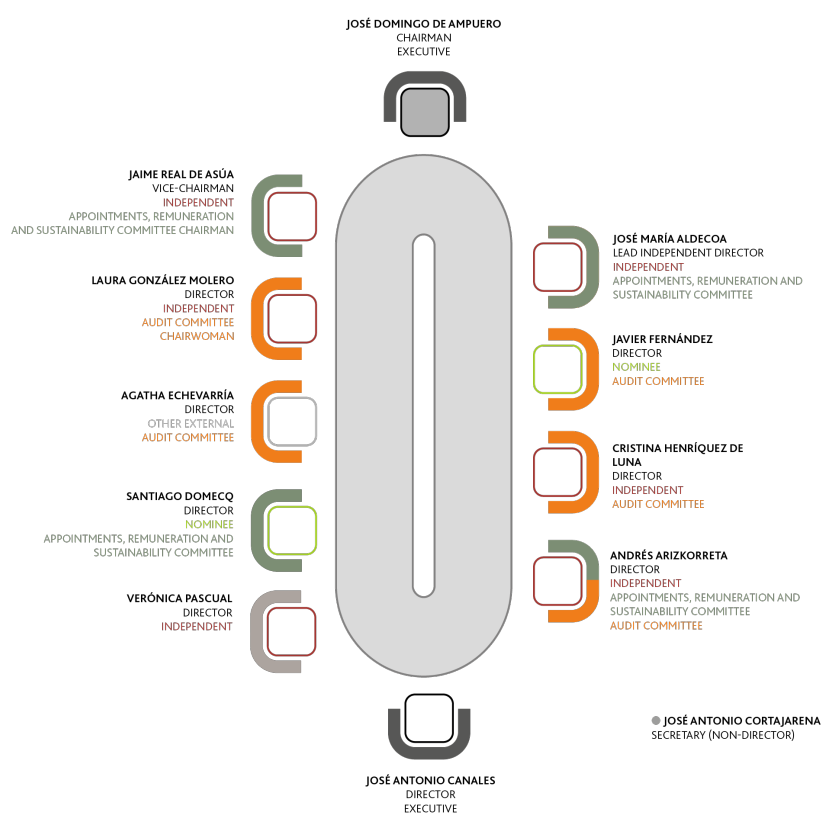
Board of Directors

Is the body in charge of representing and managing the Company and it is governed by the Regulations of the Board of Directors. Its essential function is the approval of the strategy, the basic policies, the preparation of financial statements and, in short, the general supervision of all aspects forming part of Viscofan S.A. and, where appropriate, of the companies forming its group of companies guided by corporate interest.

Composition at 31 December 2023

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.

Board members



Changes to the composition of the Board of Directors and its Committees in 2023

The Board of Directors of Viscofan has agreed a change of type from executive chair to non-executive chair, which includes the appointment of a First Executive. Based on this agreement, the Chairman, José Domingo de Ampuero y Osma, with effect from 1 January 2024, ceases to hold his executive functions in the Company and the Group, continuing his tenure as non-executive Chair of the Board of Directors and, consequently, moving to the category of "other external directors". José Antonio Canales García, Director-Managing Director, has been appointed First Executive of Viscofan, also with effect from 1 January 2024.

Carmen de Pablo Redondo, independent external director, resigned with effect on 20 December 2023 as a member of the Company's Board of Directors and its Audit Committee. This resignation was preceded by a letter addressed to all the directors in which she explained that her increased professional responsibilities as Director of finance,

strategy, sustainability, M&A, and systems in her company make it difficult for her, at the present time, to combine these responsibilities adequately with the functions required as a director in Viscofan.

To fill the vacancy left by Mrs. de Pablo, and at the proposal of the Appointments, Remuneration and Sustainability Committee, the Board of Directors has co-opted Verónica Pascual Boé as independent external director. Verónica Pascual Boé has accepted her appointment as a director of the Company. Also at the proposal of the Appointments, Remuneration and Sustainability Committee, Andrés Arizkorreta García has been appointed as a member of the Audit Committee to fill the vacancy of Carmen de Pablo Redondo.

Selection of Directors

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. Thus, 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 vacancy left by Carmen de Pablo Redondo, carried out a search for the most suitable profiles for joining the Board of Directors based on the provisions of the above Policy and finally proposed the appointment of Verónica Pascual Boé as a new director, thus maintaining the number of directors of the less represented gender on the board at 36%.

In addition, the Appointments, Remuneration and Sustainability Committee in compliance with Recommendation 14 of the Good Governance Code of Listed Companies (GGC) and the Selection and Diversity Policy, in relation to the prior analysis of the needs of the Company and the competencies required by the Board of Directors regarding the proposals on the composition of the Board of Directors for the General Shareholders' Meeting of 2024, issued a report on 15 February 2024, which will be made available to the shareholders, proposing the reduction of the number of members of the Board of Directors from eleven (11) to ten (10) members, considering that this maintains a balanced and diverse composition and, in particular, the percentage of women out of the total number of members of the Board of Directors will reach 40% (compared to 36% as at 31 December 2023), reaching the target of female representation set out in recommendation 15 of the GGC.



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.

Curricula and Profiles of members of the Board of Directors

The curricula and profiles of the members of the Board of Directors at 31 December 2023 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, in the Corporate Governance section.

Performance of functions

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.

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

Throughout 2023, the Board met 11 times, the Chairman attended 100% of the meetings, there was 98% 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 2023 financial year, the Lead Independent Director, as part of his duties set out in the Regulations of the Board of Directors, held three 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 Independent Director in the case of the evaluation of the 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, Korn Ferry was consulted to facilitate this evaluation after three years since the last external advice.

The assessment of performance in 2023 was made on the basis of a questionnaire whose purpose was to provide a specific view for each director with regard to both strong and weak points, as well as any other suggestions they may have with a view to improving the efficiency of the Board and of the Committees.

The result of the questionnaire was analysed by the Appointments, Remuneration and Sustainability Committee of which the Lead Independent Director is a member, by the Audit Committee itself with regard to its own assessment, and the conclusions were presented to the Board of Directors, where the process was concluded, and a plan of action approved to include the appropriate improvements.

Board meetings

11

100%

Chairman attended

98%

attendance in person over the total number of votes

100%

attendance including proxies made with specific voting instructions

As a result of the annual evaluation, during the 2023 financial year the transition to a non-executive chair model and the appointment of a First Executive have been carried out. This change became effective on 1 January 2024. Furthermore, because of the annual evaluation of the Board, Committees and Executive President in 2023, it is expected that, by the time of the 2024 General Shareholders' Meeting, to reach the objective of 40% women on the Board of Directors and the review of the number of members of the Appointments, Remuneration and Sustainability Committee and its composition to incorporate members of the less represented gender.

Remuneration

The Remuneration of the Board of Directors for the 2023 financial year is regulated in the directors' remuneration policy, approved at the General Shareholders Meeting held on 23 April 2021, valid for three financial years (2021, 2022 and 2023).

The General Shareholders Meeting held on 27 April 2023 approved the director remuneration policy for the years 2024, 2025 and 2026. It is available on the company's website 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. The new policy has been adapted to a remuneration structure so as to provide for the necessary elements for the transition in 2024 from the current executive chair model to a Board of Directors led by a non-executive Chair and the appointment of a First Executive.

In the short term, variable remuneration included specific targets for CO₂ emissions and improved accident rates.

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 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.

The remuneration of the Board of Directors in the 2023 financial year was €3,114 thousand (€3,428 thousand in 2022) and is detailed in the Annual Report on Remuneration that forms part of this management report, available separately on the company's website in the Corporate Governance - Corporate Governance Reports section.



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

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 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:

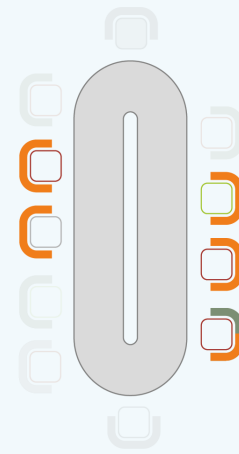
The Audit Committee met twelve times in the year. It has covered all its functions attributed with respect to the auditing of accounts, internal audits, financial and non-financial information, internal control and risk management systems, the Ethics and Regulatory Compliance Committee and related party transactions.

The procedures performed by the Committee in 2023 are detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

Audit Committee

5

members, all non-executive and a majority independent



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 met nine times during the year. The main matters dealt with and analysed by the Committee in 2023, which have formed their main areas of supervision were, among other matters, issues of Corporate Governance and regarding the composition of the Board, the assessment of the Board of Directors and those relating to sustainability.

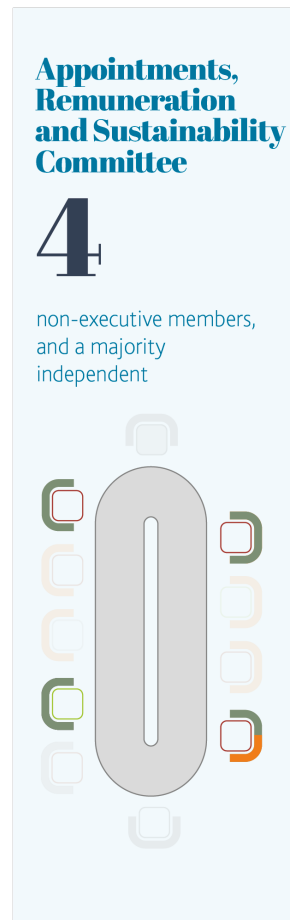
The Committee functions are also detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.

Actions taken during the year:

The Appointments, Remuneration and Sustainability Committee met on nine occasions in 2023 and, whenever considered appropriate, the presence of the Chairman, Managing Director and senior management members was required.

The main matters dealt with and analysed by the Committee during the 2023 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, 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 2023 are detailed in section C.2.1 of the Annual Corporate Governance Report of this Management Report.



Senior Management (31 December 2023)

With the launch of the Beyond25 strategic plan in 2022, the Group's senior management was reorganised. Reporting directly to José Antonio Canales, Chief Executive Officer, regional general directorates were 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.

Andrés Díaz	Director General de EMEA (Europa, Medio Este y África)
Gabriel Larrea	Director General de NAM (Norte América)
Juan Negri	Director General APAC (Asia Pacífico)
Luis Bertoli	Director General de SAM (Sudamérica)
Óscar Ponz	Director General de Nuevos Negocios
María Carmen Peña	Directora General Financiera
Jesús Calavia	Director General de Operaciones
Iñaki Goñi	Director General Comercial
José Ángel Arrarás	Director General de I+D y Calidad
José Antonio Cortajarena	Secretario del Consejo de Administración y Director Jurídico
Armando Ares	Director de Relación con Inversores y Comunicación
César Arraiza	Director de Estrategia, Organización y Sistemas
Beatriz Sesma	Directora de Recursos Humanos
Jose Ignacio Recalde	Director de Diversificación y Tecnología
Alejandro Bergaz	Director de Auditoría Interna

In 2023, remuneration received by key management personnel totalled €4,021 thousand (€4,234 thousand in 2022). In relation to the Long-Term Incentive Plan, a liability of €1,186 thousand was recognised in the year (€593 thousand in 2022).

These amounts do not include the remuneration of the two executive directors, José Antonio Canales García and José Domingo de Ampuero y Osma, which are detailed in the annual board

Defence of Human Rights

The Viscofan Group sets common basic guidelines on human rights as the guiding principles in various areas of the organisation. These guidelines can be grouped around 3 lines of action:

- 1) rights in relation to work – promotion of non-discrimination, free association of workers, integration of the people with functional diversity, 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 law, the following measures stand out:

- **Promotion of the principle of mutual respect, honesty, and integrity:** 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 is specifically included in the risk matrix of the Global Risk Committee in order to detect any violations.
- **Protection of the free association of workers.** 70% of the company's employees are covered by general collective bargaining agreements that regulate their employment activities, therefore improving the minimum conditions set by different labour legislation.
- **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.** Regarding the accessibility of people with disabilities, Viscofan does not have a global standard that regulates the accessibility of people with functional diversity 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.

• **Supply chain:** In line with the objective of extending responsible management to the supply chain, Viscofan's Board of Directors approved in 2022 the Supplier Code of Conduct which, among other aspects, establishes guidelines for compliance with laws, ethical behaviour, and labour practices. It has also established an audit objective of a 50% compliance with this code by main suppliers by the end of 2024, an objective linked to the Long-term incentive in shares and cash aimed at executive directors, members of the management team and other employees of the Viscofan Group.

Viscofan S.A. 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 sustainability in the long-term, 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, and which complements the applicable regulations in order to guarantee an adequate corporate governance system in the Viscofan Group is available on the Company's website within the Corporate Governance section, in addition to the mandatory publications and registration on the website of the CNMV and in the Commercial Registry of Navarra, 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 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.

- **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, and recording General Meetings of Shareholders and of access to prior and General Meeting information by shareholders.

- **Regulations of the Board of Directors:** These set down the principles of action of the Board of Directors, including an appraisal mechanism, and its organisational and operating rules, the standards of conduct of Directors (including the duty to avoid conflict of interest), and the overarching principles that should guide their decisions. They also regulate committees existing within the Board of Directors, their organisational and operational rules, and their mission 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:

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 shareholders to take part in the General Meeting of Shareholders: attendance fee
- Internal rules of conduct in securities market matters
- Information management procedure
- Internal publication procedure

Commercial

- Commercial Practices Manual
- 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
- Transfer prices manual

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
- New employee integration policy
- Training policy
- Severance procedure
- Authorization policy
- Policy on Business Expenses
- Travel Code

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
- Code of conduct for suppliers and intermediaries
- Corporate management policy
- Animal protection policy (approved in January 2024)



To facilitate supervision of compliance with Viscofan's Code and Ethics

and regulations, employees and any person with a legitimate interest can access the Ethical Channel on Viscofan's web page under the Corporate Governance section, on the employee's Intranet or by email.

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 complaints channel.

At the recommendation of the Ethics and Regulatory Compliance Committee and subject to a report by the Audit Committee, the Board of Directors approved the Group's Compliance Plan, which contains action plans in different areas: improved internal regulations, annual update of the procedural compliance risk map, training plans, internal control improvement plans.

In relation to the training plans, the company works on a cross-cutting basis with the Department of Human Resources which, aside from guaranteeing the publication of the Code of Conduct, participates in the implementation of annual compliance training plans.

Additionally, each of the Group companies has a Local Compliance Head, who is the person appointed by the Ethics and Compliance Committee to monitor the Group's Regulatory Compliance System and to ensure that all local employees, technicians, and managers receive ongoing training.

Ethical channel – Integrity line

The ethical channel is a key element of the system and has been modified during the year to adapt it to law 2/2023 of 20 February 2023, regulating the protection of people who report regulatory infractions and in the fight against corruption.

To facilitate supervision of compliance with Viscofan's Code and Ethics and regulations, employees and any person with a legitimate interest can access the Ethical 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 (Berroa Polígono Industrial, C/Berroa 15-4 floor, 31192 Tajonar-Navarra, Spain) to notify any sign of conduct that they deem to be a possible risk.

The Committee is the body responsible for commencing, on its own account or at the request of a third party, an investigation on events or practices that may give rise to a situation of risk for the Viscofan Group because of a breach of the Viscofan Group's Code of Conduct or prevailing regulations.

In 2023, 19 complaints were received, 18 of which were filed, and 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 9 occasions.

Training and dissemination

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

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 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:

Dedicated human rights training	2023			2022		
	Men	Women	Total	Men	Women	Total
Training hours	1,739	846	2,585	2,624	915	3,539
% of total training hours	3.1%	3.3%	3.2%	6.1%	3.7%	5.2%

Additionally, in 2023, to reinforce awareness and knowledge of regulatory compliance, specific training was provided in different areas:

- Training the entire staff in the ethical channel.
- Training the entire staff on the Regulatory Compliance System, in specific matters such as conflict of interest, anti-corruption, additional ethical channel, and protection of personal data.

Financial and non-financial information control system

It is based on the Policy of the internal control system for financial and non-financial information approved by the Board of Directors in 2020, which requires that internal control systems provide reasonable assurance of the reliability of financial and non-financial information. This system is based on best practices and international standards, based on those established in the COSO report, as well as compliance with legal requirements.

Viscofan must respond to a growing and more frequent demand for information of a non-financial nature (sustainability), ensuring that it is truthful and complete. For this reason, in 2023, Viscofan has carried out the design and implementation of an internal control system for non-financial information.

The financial and non-financial information control systems have been integrated into SAP GRC, a unique environment that allows automating and computerising the assurance of information processes.



Viscofan must respond to a growing and more frequent demand for information of a non-financial nature (sustainability), ensuring that it is truthful and complete.

2.2.3. Risk management

Risk management aims to balance the desire for value creation for our stakeholders with the risks associated with business, commercial, operational, labour, financial and social initiatives, as established by the sustainability policy.

Viscofan has approved a risk management control policy, whose purpose is to set the basic principles and the general action framework to identify, measure, prevent and mitigate risks of all types that may affect the attainment of the strategic objectives.

Viscofan seeks to reinforce the risk control system, promoting a solid business model enabling risks to be confronted in a controlled manner. The aim of the risk management policy is to identify and assess risks as soon as possible, based on the Code of Conduct, the internal regulations, and the strategic plan, and to take adequate measures to reduce them and, in some cases, they can present opportunities.

The risk management system is the responsibility of the Board of Directors, which delegates its supervision and correct functioning to the Audit Committee. Likewise, the Viscofan Group has different bodies charged with the supervision and control of different risks that could arise in the course of Viscofan's activities with different level of occurrence and materiality:

- **Internal audit:** 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 Regulatory Compliance System.
- **Global risk committee:** this is a 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.



Viscofan has approved a risk management control policy, whose purpose is to set the basic principles and the general action framework to identify, measure, prevent and mitigate risks of all types that may affect the attainment of the strategic objectives.



the Viscofan Group has different bodies charged with the supervision and control of different risks.

- **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 on a quarterly basis for the purposes of performing periodic follow-up checks on the correct application of approved investments and controlling the efficient use of Group resources and 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 and 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.

- **Senior management:** it is responsible for identifying and assessing the risks faced by the Group with 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 set forth in greater detail in section E) of the Annual Corporate Governance Report. In this section, the Viscofan Group describes the main financial and non-financial risks, the bodies responsible for drawing up and enforcing the financial and non-financial risk management system, the level of tolerance, the risks occurred in the year and the plans to respond to and supervise the main risks.

Below are the main risks faced by the company in 2023 and the response and supervision plan:

Risk	Materialisation in 2023	Response and supervision plan
1. Financial	1.a) Exchange rate: Fluctuations in exchange rates, especially the USD with respect to the Euro, has an impact on Group earnings. 	This impact has been managed through the application of a policy involving hedging and commercial disciplinary measures.
	1.b) Increase in interest rates: The monetary policies of the world's main Central Banks aimed at combating inflation have resulted in an increase in financing interest rates 	Viscofan manages interest rate risk by maintaining a balanced portfolio of fixed and floating rate loans and credits. The Group's policy is to hold loans at a fixed interest rate.
2. Environmental and climate change risks	2.1) Significant increase in the price of CO2 emission allowances. 	<ul style="list-style-type: none"> - 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. - As part of its decarbonisation plan, Viscofan has installed energy equipment with green hydrogen capability and has performed various tests with this renewable fuel source in the equipment installed at the Cáseda plant in Spain. Also, an energy diversification strategy beyond natural gas has been promoted that includes greater electrification of the energy supply with renewable energy. - The Group is also evaluating, and plans to implement, the Net Zero commitment to greenhouse gas emissions based on the Science Based Target Initiative.
3. Operational risks: commodities, transport, and energy.	3.1) Increase in the cost of raw materials: In the previous year, interruptions in manufacturing and consumer activity, together with transport interruptions, caused a shortage of raw materials and basic products worldwide, leading to high inflation in the main raw materials used by the Group in the production process. In 2023, this inflationary spiral has continued for some of these raw materials 	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) The cost of natural gas has increased significantly in Spain in 2023. 	<p>Against this background, Viscofan has implemented price increases to customers and energy efficiency measures to offset part of the impact of energy costs. In parallel, the Group has carried out a detailed analysis of energy needs and the examination of various scenarios and has promoted projects aimed at energy diversification in operations.</p> <p>Looking ahead to 2024, in an environment of more favourable natural gas costs, the Viscofan Group has entered into purchase contracts with a fixed price for a portion of its natural gas consumption.</p>
	3.3) Production stoppages at the Danville plant (USA) due to power outages caused by the electricity company. 	Measures are being planned for better energy management of the plant and investments in equipment as support alternatives for the energy supply. Likewise, a lawsuit has been filed against the electricity company claiming damages derived from negligent maintenance of the electrical substation that has caused several shutdowns of the plant.
4. Regulatory	4.1) The European Commission's ban of 8 April 2022 continues. The ban, in response to Russia's actions destabilising the situation in Ukraine, is justified by the fact that the use of these casings instead of the traditional alternative of animal casings improves the capacities of the industry in Russia and resulted in the Board of Directors of Viscofan S.A. adopting the decision to discontinue the activity of exporting casings to Russia. 	In this situation, work continues, within Viscofan's risk control and management system, on commercial and operational mitigation measures to offset this impact.
5. Competition and market environment. Decrease in demand	5.1) In 2023, the market was influenced by the process of inventory adjustment in the meat industry, leading to a decrease in volumes in the casings market. Viscofan, as a market leader, has not been immune to this global trend, which resulted in declines in sales volumes during the year. 	In this situation, tasks have been carried out to monitor the evolution of the main affected markets, maintaining disciplined commercial policies to prevent harm to the financial profitability goals. In parallel, specific projects to improve service and quality levels have been reinforced, involving greater protection of market share in adverse scenarios, as well as an impact on inventory planning and management.

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 carries out an analysis of fraud risks, and its different forms are regulated in various policies; and sets specific controls and mechanisms to reduce their likelihood of occurrence. The identified risks are: conflict of interest and internal fraud, private corruption, and fraud and misleading advertising.

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 identification and assessment of risks and controls is set out in the Ethics and Compliance Risk Map, 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.

It should be noted that in 2023, no acts were subject to significant legal actions related to unfair competition, monopolistic practices and against free competition, nor have any processes or complaints been filed due to the breaching of laws or regulations in the social and economic field.



The Global Risk Committee

carries out an analysis of fraud risks, and its different forms are regulated in various policies; and sets specific controls and mechanisms to reduce their likelihood of occurrence.



2.3

Environmental Pillar

Environmental pillar



Viscofan works with the commitment to avoid climate change and promote economic growth dissociated from the use of limited natural resources.

This sustainable future means tackling challenges throughout the supply chain, from the selection of raw materials and packaging with a better use and reuse of these, the optimisation and purification 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 Environmental pillar

Axis of action

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



- 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.
- We have a commitment 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 EFAN casing.
- 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.

2023 Highlights

- The Viscofan Group has increased the percentage of renewable electricity consumed to 58%.
- A reduction of 3.1% in energy intensity and of 3.0% in CO2 emissions intensity thanks to energy efficiency and decarbonisation measures, in particular the installation of a mechanical recompression evaporator in Cáseda, using technology with lower energy consumption, and the installation of solar panels at the Hasselt plant.
- A reduction of 3.3% in the intensity of water withdrawal as a result of the installation of production capacity and auxiliary facilities with lower water requirements, as well as the promotion of reuse projects.
- Compliance with the 2030 objectives of a 30% reduction in the intensity of scope 1 and 2 emissions per metres extruded and a 10% reduction in water withdrawal per metres extruded.

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 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 take into account the legitimate interests of stakeholders.

The Audit Committee is also responsible for reviewing the effectiveness of the Group's systems of internal control 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 environmental sustainability.

The management of environmental aspects at 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.

Climate change management is regulated in the Climate Change Policy, and demonstrates the Group's commitment to the control of atmospheric emissions, energy efficiency, as well as a business strategy related to the development of alternative energy sources.

In addition, 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.

Remuneration is an important component of corporate governance used to encourage and guide the implementation of commitments and actions within Viscofan.



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 this context, the remuneration systems for members of the Board of Directors and employees are aligned with the Beyond25 strategy, and in particular with sustainability, given its importance as one of the four strategic pillars. Consequently, sustainability indicators are integrated into our short and long-term incentives.

Strategy, risk, and opportunity management

The Group has a Sustainability Action Plan for the period 2022-2025 approved by the Board of Directors, in line with the Beyond25 strategic plan.

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 in order to minimise negative impacts on our environment, while taking advantage of all the associated positive aspects.

Identification of risks and opportunities Climate change

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.

Viscofan's climate risk and opportunity management model is based on the COSO ERM and Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, as well as the company's Risk Control and Management Policy, which also considers impacts and dependencies.

Viscofan has identified a total of 15 climate risks and 8 opportunities, based on TCFD's own recommendations, reference institutions (IEA and IPCC), and the analysis of comparable companies.

For this analysis, three global warming scenarios have been established (1.5°C, 2.4°C, and 4.0°C), referring to the risks and opportunities at different materialisation time horizons:

- **Current or already materialised**, or short-term future: materialisation in a period of less than 5 years
- **Near or medium-term future**: materialisation in the next 5 to 15 years, applicable for all scenarios that offer projections to 2030.
- **Long-term future**: materialisation in a period of more than 15 years, applicable for all scenarios that offer projections to 2040 or later.



The Group has a Sustainability Action Plan

for the period 2022-2025 approved by the Board of Directors, in line with the Beyond25 strategic plan.



Subsequently, to determine which risks and opportunities could have a material financial impact on the organisation, the Executive Sustainability Committee has evaluated their potential impact, probability and the mitigating actions put in place, and a scenario analysis has been carried out. This shows the main effects of the most significant risks on Viscofan's business, and on its strategy and financial planning, to be:

- Shortage of collagen skins
- Shortage of water
- Regulatory changes
- Transitional to low-emission technologies

The most significant opportunities are:

- Access to new markets
- Efficiency of production processes
- Promotion of renewable and sustainable energies

Impact and response to risks and opportunities

Viscofan's objective is to avoid or mitigate risks by actively deciding on how to respond, while also seeking to take advantage of opportunities by incorporating them into our strategy.

Where necessary, we take appropriate countermeasures or, to the extent possible and economically acceptable, transfer them to third parties (such as insurers). Opportunities and risks are continuously monitored using indicators, so that, for example, changes in the economic or legal environment can be identified at an early stage and, if necessary, appropriate response measures implemented.

Below is the long-term annual assessment of climate-related risk impacts and opportunities, and the mitigation response:

Transition. Regulatory changes.

Potential impact: 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 CO₂, 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 and the extension of its mechanism worldwide has an impact on the Group's operating costs. Based on the analysis of the scenarios, this risk could entail an additional cost in the long term in the range of €20Mn to €70Mn.

Impact in 2023: The CO₂ emission rights expenditure is €22.6 million.

Response: Viscofan is implementing actions within its decarbonisation plan:

- **Investment in energy equipment with the capacity to 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 and 2023, Viscofan also carried out tests using green hydrogen in a co-generation engine, testing the feasibility while producing casings.
- **Electric boilers are being installed at the Cáseda plant** and a study has been done and a project approved to carry out a PPA (Purchase Power Agreement) for solar panels at the Cáseda plant for self-sufficiency in renewable electricity.
- **Work has begun on the installation of a biomass boiler** at the Cáseda plant.



Viscofan's objective is to avoid or mitigate risks

by actively deciding on how to respond, while also seeking to take advantage of opportunities by incorporating them into our strategy.

Physical - Chronic. Shortage of water:

Potential impact: The increase in the planet's average temperatures can increase the risk of water stress, causing a lack of supply at production plants. According to the World Resources Institute (WRI), Viscofan is present in some countries where water stress is expected to increase. Drought and water shortage events could lead to restrictions on water use in these areas, directly affecting the company's production chain.

Supply shortages at plants could cause production stoppages, leading to a shortfalls to meet demands several days a year. On this basis, according to the climate scenarios analysed, this risk could have a long-term impact of an annual loss of equivalent sales of between €17 Mn and €70 Mn.

Impact in 2023: The Viscofan Group plants have had no water supply problems during the year.

Response: Viscofan is implementing measures to mitigate this risk:

- Within the **Sustainability Action Plan, Viscofan is analysing possible scenarios and measures to be implemented faced** with this possible long-term risk.
- Likewise, the 2030 **commitments** include **reducing the intensity of water 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.

Transition - low emission technology:

Potential impact: High ambition on the part of governments to achieve carbon neutrality may accelerate the replacement of equipment that is not fully amortised and cause the company to incur unforeseen extra costs.

Impairment of existing energy assets and investment in equipment that uses renewable energy sources or that generates fewer 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 significant associated costs and investments, as well as loss of overall product competitiveness.

Based on Krishnan et al 2021 estimates, the Net Zero 2050 scenario would require spending on physical assets equivalent to around 7.5% of GDP during the period 2021 to 2050. Based on this assumption, this risk could entail a long-term investment in assets of around €60 million, calculated according to a linear proportion between production at base prices and national GDP and using the regional average to calculate the contribution of factories to GDP.

Impact in 2023: For now, based on the analysis carried out following the Net Zero Emissions (NZE) scenario of the IAE, 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.

Response: 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 to achieve greater self-consumption.

Transition - Market. Rising raw material prices.

Potential impact: 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.

The cumulative effects of climate change impacts on global forage productivity could translate into falls of 7 to 10% in livestock numbers by 2050 if warming of 2.2°C materialises. At temperatures above 30°C, animals eat 3-5% less per additional degree of temperature, which reduces their productivity and fertility. These climate change consequences may lead to a lower availability of collagen hides and so to increases in its price.

Using the IPCC RCP2.6, IPCC RCP4.5, and IPCC RCP8.5 scenarios, and in the hypothetical case that these effects occur in the regions where Viscofan is present, a possible lower revenue impact has been estimated in the range of €50 Mn to €100 Mn due to lack of availability of collagen skin.

Impact in 2023: During the year, there have been no situations of lack of availability of collagen hides.

Response: 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.
- **Investment and development of more efficient** and less wasteful production processes.

However, from the 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 evolution, 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 knowledge of the treatment of raw materials and processes, and continuous dialogue with the food sector, it can identify business opportunities in benefiting from product circularity, water savings and productive efficiencies, as well as the use of casings on vegetable sausages or other types of ingredients that contribute to a more sustainable diet.

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.

Promotion of renewable and sustainable energies: Viscofan is working to promote the decarbonisation of its processes using green hydrogen as an energy vector. If this technology were available on a competitive and continuous basis, it would save on CO₂ emissions and the associated cost of emission rights.

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 2023 year-end, 89% of the plants have this certificate. During the year, this certificate was obtained for the New Jersey (USA) plant.

The breakdown of the Group's plants with the ISO 14.001 certificate at 31 December 2023 is as follows:

Country	Plant	ISO 14.001
Spain	Cáseda	Yes
	Urdiain	Yes
Germany	Weinheim	Yes
	Alfhausen	Yes
Serbia	Novi Sad	Yes
Czech Republic	České Budějovice	Yes
Belgium	Hasselt	Yes
	Danville	No
	Montgomery	Yes
US	New Jersey	Yes
	Zacapu	Yes
Mexico	San Luis Potosí	Yes
	Itu	Yes
Brazil	Matarazzo	Yes
	Pando	Yes
Uruguay		Yes
China	Suzhou (2 plants)	Yes
Australia	Sydney	Yes

ISO 50.001 energy efficiency certificates

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

As part of its commitment to improve energy management, the Group plans to obtain this certificate for other plants.

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 several markets.

The plant in the Czech Republic has received the PRS Green Label certificate from PRS Pooling for its implementation of the recycling system for non-standard pallets of raw materials (PRS). A certificate that represents recognition for contributing to sustainability in the industrial sector.



We are working to attain this environmental management certification at all production plants.

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 2023, the gross value of this type of asset was €94.3 million (€78.0 million at 31 December 2022).

Viscofan continues its quest to improve environmental management and with this objective in mind, in 2023, it invested €16.3 million in this area (€12.6 million in 2022). The investment projects in energy equipment that contribute to the reduction of CO₂ such as electric boilers, energy recovery or solar panels; and also 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 improve the Group's values and commitments regarding environmental management among employees, with training courses standing as an essential element of the management approach.

The training carried out for people involved in the reporting process and the non-financial information control system implemented in the Group in 2023, as well as the training carried out at the local level for investigation of environmental events, are worthy of note.

Environmental fines and penalties

In 2023, the Viscofan Group had not received any significant environmental penalties.



Viscofan continues its quest to improve

environmental management and with this objective in mind, in 2023, it invested €16.3 million in this area.



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.

The reduction in energy consumption with new technologies and the availability of renewable energy sources are essential aspects of Viscofan's commitment 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 CO₂ emissions includes using heat, even in the effluents from our production processes, or replacing systems requiring high amounts of energy with more efficient systems.

During the year, the start-up at the Cáseda factory (Navarre) of a new evaporation plant that works with mechanical vapor recompression (MVR) technology is worthy of mention. This technology increases evaporation capacity and reduces energy consumption, and consequently CO₂ emissions.

- **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. Nevertheless, within its decarbonisation plan, Viscofan boosts collaboration with public bodies and companies in the energy sector to develop green hydrogen capacities as a source of energy in the future casing production process.

During the year, Viscofan has successfully performed a second test using green hydrogen in a co-generation engine, this time with a greater capacity than the first one carried out in the previous year.

- **Viscofan promotes the use of renewable energy:** within this commitment, in 2023, Viscofan increased the use of renewable electricity at its plants, representing 58.0% of the total electricity acquired by the Group (54.8% in 2022).

**Renewable
electricity
consumed**

58.0%

of the total electricity
acquired (54.8% in 2022).

Energy consumption

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

Energy consumption	2023	2022	2021	2020	2019	2018
Gigawatt-hour (GWh)	2,393	2,526	2,465	2,371	2,294	2,276

In fiscal year 2022, internal energy consumption increases by 2.5% compared to 2021 in a context of greater productive activity.

The breakdown by type of energy is as follows:

In GWh	2023	2022	2021
Natural gas	2,001	2,118	2,091
Electricity and other non-renewables	172	190	259
Renewable electricity	220	213	115
Renewable fuels	0	5	0
Total energy	2,393	2,526	2,465
Total renewable	220	218	115
% of total	9.2%	8.6%	4.7%

Due to the decarbonisation measures framed in the Sustainability Action Plan, the use of renewable energy has increased compared to 2023. 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, to the extent possible and as long as the processes have been able to be electrified, the use of a greater percentage of electricity from renewable sources has been actively sought. Thus, in 2023, 58.0% of the group's electricity was from renewable sources, compared to 54.8% in 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	2023	2022
Cáteda, Spain	100%	100%
Urdiain, Spain	100%	100%
Weinheim, Germany	100%	100%
Alfhausen, Germany	100%	100%
Novisad, Serbia	100%	100%
San Luis Potosi, Mexico	100%	100%
Itu, Brazil*	100%	33%
Ermelino Matarazzo, Brazil	100%	32%
Zacapu, Mexico *	4%	50%
Hasselt, Belgium **	12%	0%
České Budějovice, Czech Republic ***	10%	0%
Group	58%	55%

* There is a fall in electricity from renewable sources at the Mexico plants due to the change of supplier. Work is being done to obtain the renewable energy certificate in 2024.

** The Hasselt plant in Belgium installed solar panels in 2023, covering part of its operational energy needs.

*** The České Budějovice plant in the Czech Republic acquired electricity from renewable sources for the first time in the months of November and December 2023.

The energy efficiency measures implemented in the year and the consolidation of projects from previous years have led to an improvement in 2023 in the ratio of energy consumption intensity over metres of extruded casings. Its evolution is as follows:

Additionally, the Group promotes and drives the implementation of energy efficiency projects in its operations. The most relevant have been:

- **The installation of production capacity for collagen casings in several plants of the Group under dry-tech technology**, in which the lower use of water in the process implies less use of heat for drying the casing.

- **At the Cáseda plant, operational temperature parameters have been optimized in different production phases** in fibrous, cellulosic and collagen facilities.

- **Installation of LED lights** in Weinhein plants in Germany, Serbia, Belgium, Czech Republic and Australia.

- **Renewal of equipment with greater energy efficiency** both in the production process and in energy equipment.

The energy efficiency measures implemented in the year and the consolidation of projects from previous years have led to an improvement in 2022 in the ratio of energy consumption intensity over metres of extruded casings. Its evolution is as follows:

Base 100 year 2018	2023	2022	2021	2020	2019	2018
Consumption in GWh/ Metres produced	84	87	90	94	102	100

Emissions

Calculation method

For scope 1 CO₂ emissions, Viscofan is using the GHG Protocol tool "GHG emissions from stationary combustion".

For scope 2 CO₂ emissions, Viscofan uses a conversion factor requested from the supply company or, the official factor provided by the government or by the IPPC (Intergovernmental Panel on Climate Change).

Scope 1 and 2 CO₂ emissions

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

In the case of Cáseda (Spain), it has a co-generation plant with an installed capacity of 48MW for part of the energy demand of the Viscofan plant. This operation allows greater efficiency in the production of casings from an environmental and cost efficiency point of view as the combustion of natural gas allows to heat water, steam, and electricity is produced. A part of the latter is sold to the grid.

Viscofan avoids CO₂ emissions with its co-generation plant in Cáseda compared to another equivalent alternative of heating water, producing steam, and generating electricity. However, the overall activity of the co-generation plant, including the production of electricity sold to the grid, entails for the case of Viscofan more Scope 1 emissions compared to those theoretically emitted to obtain the co-generation steam by means of conventional boilers.



Casing production is an on-going process

all year round that requires a lot of heat, especially in casing drying processes. The main energy input used in the process is natural gas, electricity, and steam.

Under this premise, in 2023, CO₂ emissions associated with the Cáseda co-generation plant represent 23.7% of total CO₂ of the Group compared to 76.3% of the production of casings and new business:

In tonnes	2023	2022	2021	2020	2019	2018
Scope 1 emissions						
Cáseda cogeneration	112,175	121,615	113,365	120,884	126,083	127,628
<i>% of total emissions</i>	<i>23.7%</i>	<i>24.4%</i>	<i>20.7%</i>	<i>21.5%</i>	<i>23.3%</i>	<i>23.5%</i>
<i>Group (scope 1 and 2)</i>						
In tonnes	2023	2022	2021	2020	2019	2018
Scope 1 emissions Traditional Business and New Businesses	281,08	293,567	291,934	277,075	260,138	250,5
Scope 2 emissions Traditional Business and New Businesses	79,932	83,444	142,682	165,228	154,58	164,138
Total emissions Traditional Business and New Businesses	361,012	377,011	434,616	442,303	414,718	414,638
<i>% of total emissions</i>	<i>76.3%</i>	<i>75.6%</i>	<i>79.3%</i>	<i>78.5%</i>	<i>76.7%</i>	<i>76.5%</i>
<i>Group (scope 1 and 2)</i>						
Total Group emissions	473,187	498,626	547,981	563,188	540,801	542,266

In 2023, CO₂ emissions were reduced by 5.1% compared to the previous year, partly due to the energy efficiency measures in our production processes discussed above and to a greater use of electricity from renewable sources.

Within the decarbonisation projects, it should be noted that Viscofan has successfully completed new tests, with greater capacity to use green hydrogen as fuel in one of the co-generation engines at the production plant in Cáseda (Navarre) that supplies to this production centre hot water, steam, and electricity. This project lays the foundation for the engine supplier Bergen to develop an engine powered by 100% green hydrogen. Likewise, investment is being made in the installation of two electric boilers in Spain.

Also, the installation of solar panels at the Hasselt plant (Belgium) has made it possible to generate renewable electricity for self-consumption. During the year, emissions from this plant were down by 1,574 tons compared to 2022.

Other greenhouse gas emissions of the Viscofan Group

In tonnes	2023	2022	2021	2020	2019	2018
NOX	720	762	735	713	657	643
SOX	30	32	29	29	32	n.a.

Emission intensity on extruded metres

Base 100 year 2018	2023	2022	2021	2020	2019	2018
Intensity of Group CO ₂ emissions/millions of extruded metres	70	72	84	94	101	100
Intensity of NOX emissions/millions of extruded metres	90	93	95	100	103	100
Intensity of SOX emissions/millions of extruded metres	74	77	74	80	100	n.a.

The Viscofan Group has begun the preliminary analysis for the calculation of Scope 3 emissions, i.e., the other indirect emissions that occur in the value chain, with the aim of obtaining a better understanding of the Viscofan Group's complete carbon footprint, and of meeting future reporting obligations for this indicator.

In this analysis, taking for reference the Scope 3 calculation technical guide published by GHG protocol, the most relevant categories would be: "Procured goods and services", "Activities related to fuels and energy not included in scope 1 or 2" and "End of life-cycle treatment for products sold".

Emission savings:

Electricity production through co-generation

In 2023, Viscofan avoided the emission of CO₂ into the atmosphere, by using co-generation 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 CO₂ avoided:

In tonnes	2023	2022	2021	2020	2019	2018
CO ₂ avoided by energy optimisation	76,745	85,845	94,033	90,449	90,531	91,715

Thanks to the co-generation 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 CO₂ into the atmosphere.

Commitment to reduce the intensity of CO2 emissions and Pursuit of the Net Zero objective in Viscofan

The United Nations Global Compact, of which Viscofan is a signatory member, is committed to SDG 13. Climate action. Viscofan's commitment has materialised with a target by 2030, of a 30% reduction in scope 1 and 2 CO₂ emissions over a million extruded metres with respect to 2018.

The promotion of the use of renewable energies and the energy efficiency measures of recent years have allowed Viscofan to achieve in advance in 2023 the goal set for 2030.

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

Base 100 year 2018	2030 Commitment	2023	2022	2021	2020	2019	2018
CO2 emissions scope 1 and 2/Extruded metres	70	70	72	84	94	101	100

At Viscofan we work with the objective of limiting the rise in the planet's temperature to below 1.5C within our possibilities. In this regard, having met in 2023 the emissions intensity reduction target set for 2030, Viscofan is working on the design of a plan, based on the Science Based Targets initiative (SBTi), to achieve climate neutrality by 2050.

The preliminary work will involve detailed analysis of the energy equipment in all the Viscofan Group plants on 4 continents, the technological alternatives for the replacement of fossil fuels, the viability and promotion of renewable electricity in different countries, and analysis of scope 3 greenhouse emissions to determine if they are material with respect to scope 1 and 2, and, if so, work will be carried out to study and establish objectives.

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, mainly in the cleaning of casings, refrigeration, steam production and the moistening of said casings.

At Viscofan's production plants, in 2023, 13% of the captured water was evaporated, was incorporated into the product, or was consumed, while the remaining 87% was conducted to purification plants installed at Viscofan's production plants to be processed before being returned to freshwater surfaces or conducted 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 washing of casings. Once the water has been used, Viscofan works to improve the quality of what we discharge even further and to understand the risks associated with its availability and use in the areas in which we operate.



Once the water has been used, Viscofan works to improve the quality of what we discharge even further and to understand the risks associated with its availability and use in the areas in which we operate.

Withdrawal, responsible use of water

Water collection by source type. m ³	2023	2022	2021	2020	2019	2018
Surface water	4,127,443	4,127,443	4,269,619	4,107,250	3,849,469	3,755,026
Groundwater	2,929,859	2,929,859	2,810,428	2,756,290	2,643,301	2,636,088
Municipal supplies	3,634,433	3,634,433	3,701,020	3,515,107	2,947,574	3,021,961
Rainwater	0	0	0	0	0	0
Waste water	0	0	0	0	0	0
TOTAL	10,691,735	10,691,735	10,781,067	10,378,646	9,440,345	9,413,076
Consumption in process	1,770,905	1,770,905	2,348,446	2,107,470	1,679,531	1,745,719

During the year, water withdrawal and its intensity per metre of extruded casings were reduced by 5.4% and 3.3%, respectively, in a context of lower casings production activity and thanks to water consumption efficiency initiatives implemented during the year and the consolidation of initiatives implemented in previous years. Of particular note:

- **At the Cáseda plant (Spain)**, installation of the new evaporation plant allows the water to be used for a washing circuit, the change in filtering technology requires less water consumption in cleaning operations on the equipment itself, and a new Legionella treatment in cooling towers requires fewer circuit purges.

- **In the New Jersey plant (USA)**, the installation of production lines under dry-tech technology to produce collagen casings, with lower water requirements than the previous production technology, the better use of the wash flow in post extrusion, and optimisation of raw material recipes to reduce washing.

- **At the Danville plant (USA)** the stabilisation of the plant with the new cellulose casings technology.

- **At the Ermelino plant (Brazil)** a greater control in consumption processes and reuse of water when washing viscose filters.

In addition, as part of its efficient water management strategy, Viscofan seeks the greatest possible reuse of water. 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 various projects have been implemented in Brazil to reuse water from the production process to wash the equipment, to supply the fire system, and to irrigate the garden.

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

	2023	2022	2021	2020	2019	2018
Water reused in m3	85,341	57,077	16,942	15,172	1,069	26,635
% of the water consumed	6.7%	3.2%	0.7%	0.7%	0.1%	1.5%

All captures are strictly regulated by Public Administrations, which assign permits and determine the maximum permitted capture volumes to preclude significant effects. Hence, in 2023 there have been no recorded water sources significantly affected by the withdrawal of water from the organization.

On another note, 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 23% of the Viscofan Group's total water discharge in 2023. In the year, problems of water supply were not declared in these areas.



As part of its efficient water management strategy, Viscofan seeks the greatest possible reuse of water.

Responsible discharge

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

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

Water discharge broken down by destination is as follows:

Water discharge in m3	2023	2022	2021	2020	2019	2018
Freshwater surface	5,415,241	5,157,283	4,643,755	4,588,313	4,354,863	4,279,568
Municipal processing plant	3,425,199	3,763,547	3,788,866	3,682,863	3,405,950	3,387,789
TOTAL	8,840,440	8,920,830	8,432,621	8,271,176	7,760,813	7,667,357



Viscofan has water purification plants at its manufacturing facilities, where the treatment of water makes it possible to improve the quality of discharges.

2030 commitment to reduce the intensity of water withdrawal

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

The installation of new production technologies with lower water needs, efficiency measures in the use of water and its reuse have allowed Viscofan to achieve in advance, in 2023, the objective set for 2030. This milestone makes us optimistic about analysis to look for new targets.

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

Base 100 year 2018	2030 Commitment	2023	2022	2021	2020	2019	2018
Water withdrawal in m ³ / Extruded metres	90	86	89	95	100	101	100



2.3.4. Circular economy

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

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 cost by category of the 10 most relevant raw materials is as follows:

Key raw materials	2023	2022
Animal and plant origin	68%	65%
Plastic polymers	8%	10%
Auxiliary chemicals	24%	25%
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, as 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. Abaca fibre is also used by other industries to produce high quality paper and non-woven textiles for various uses such as tea bags, paper money and filters.

Plastic polymers: Plastic casings are obtained by treating different plastic polymers widely used in different industries. The most used polymers are polyethylene, 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, as regards packaging 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.

In 2023, Viscofan is carrying out a project to segregate cardboard, wood, plastic, and metal waste in containers labelled and identified at the plant, with the aim of having better waste identification to promote greater recovery.



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Efficient and circular management of waste

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.

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

The trend in waste by typology is as follows:

In tonnes	2023	2022	2021	2020	2019	2018
Recovered	36,055	37,345	29,400	26,648	22,673	25,755
Disposed	27,661	31,492	34,010	30,696	26,634	27,668
Total waste	63,716	68,837	63,410	57,344	49,307	53,423

In 2023, the tons of waste fell by 7.4% in a context of moderated production activity caused by the decline in the casings market due to a global trend of reduced customer inventories.

Viscofan is working on greater valorisation of waste by increasing the reuse of products, or recycled use of waste after its corresponding transformation, such as composting, or energy valorisation as a thermal source. In this regard, the consolidation of projects from previous years and the implementation of new ones has allowed the Group to increase the percentage of recovered waste to 57% in 2023 compared to 54% in 2022, and to reduce by 10.2% the intensity of waste eliminated per million metres of extruded casings.

Of the projects implemented in 2023, it is worth highlighting in Cáseda (Spain) the recovery of waste for use as fertilizer that was eliminated in 2022 and the reuse of viscose thanks to facilities designed for this purpose.

The breakdown of waste by type is as follows:

In tonnes	2023	2022	2021	2020	2019	2018
Reused	4,516	6,216	7,966	3,333	2,892	3,412
Recycled	6,206	7,299	6,393	5,142	5,103	7,069
Composted	15,298	16,107	12,995	17,173	13,694	14,029
Energy valorisation	10,035	7,723	2,045	1,000	984,000	1,245
Total waste recovered	36,055	37,345	29,400	26,648	22,673	25,755

In tonnes	2023	2022	2021	2020	2019	2018
Incinerated	3,231	3,314	4,009	4,035	3,902	3,989
Landfill	24,300	27,918	23,192	20,700	18,706	20,734
Other	130	260	6,809	5,960	4,026	2,945
Total waste elimination	27,661	31,492	34,010	30,696	26,634	27,668



For the management of the waste generated, we use disposal methods that have been determined locally based on local regulations and good practices within the Group,



Of the projects implemented in 2023, it is worth highlighting in Cáseda (Spain) the recovery of waste for use as fertilizer

In tonnes	2023			2022		
	Non hazardous	Hazardous	TOTAL	Non hazardous	Hazardous	TOTAL
Recovered	23,963	12,092	36,055	31,802	5,543	37,345
Eliminated	25,552	2,109	27,661	28,950	2,542	31,492
TOTAL	49,515	14,201	63,716	60,752	8,085	68,837

Moreover, the Viscofan Group has implemented an environmental management system with a view to preventing spillages and leaks, in which it has established management mechanisms and technical control elements. There were no spills or leaks at Viscofan Group facilities in 2023 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 elimination

As a signatory of the United Nations Global Compact Viscofan is committed to SDG 12. Responsible production and consumption. Commitment that Viscofan has expressed in an objective with a horizon of 2030 and a base of 2018 to reduce 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 eliminated 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	2023	2022	2021	2020	2019	2018
Tonnes of waste eliminated / Metres extruded	70	80	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 circular economy in the world of casings, as the cow hide 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 2023, plastic developments and operations have continued to progress in accordance with the 3R rules (reduce, reuse and recycle). The following advances made in the year are of particular note:
 - Reduction of raw material waste in plastic product extrusion: Processes have been standardised and at the plant in the Czech Republic, a lean system has been implemented to improve the management and organisation of the operational processes. In total, thanks to these projects the Group has managed to make a saving of 200 tonnes of plastic raw materials.
 - All the Group's plastic casings production were recertified according to the ISCC PLUS system. The Canadian subsidiary also received ISCC PLUS certification. For Viscofan, this means that all eFAN casings, manufactured with raw materials of biological origin and/or raw materials from recycled post-consumer plastic waste, can now be marketed worldwide.
 - The Group in 2023 and 2024 is working on a project to obtain degradable plastic casings.
- **Vegetable proteins:** this raw material used for the veggie casing is a GMO (Genetically Modified Organism) free product.



The Group in 2023 and 2024 is working on a project to obtain degradable plastic casings

Packaging

Viscofan works with the ambition to make responsible use 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:

Optimisation and review of packaging used for cellulose casings by reducing the number of cardboard items used to achieve better use of the quantity stored and transported on a pallet. In addition, the number of carton references is also being rationalised and eliminated in the case of fibrous casings.

In collagen casings, it is planned to implement a project to reduce the size necessary to form a cardboard box of the same dimensions without affecting its properties.



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 CO₂ emissions during their processing.

2.3.6. European taxonomy for environmentally sustainable economic activities

According to the environmental taxonomy criteria of the European Union, around 85% of Viscofan's business volume is not eligible under the European taxonomy as it does not have a significant impact on the six environmental objectives.

The activity of cogeneration of heat/cold and electricity based on natural gas is eligible for the objectives of adaptation to and mitigation of climate change and the activity of manufacturing casings, films and bags obtained through the treatment of plastic polymers is eligible for the objective of transition to a circular economy as the manufacture of plastic packaging.

In the case of cogeneration, the technical alignment requirements require further development to facilitate the replacement of fossil fuel in line with the pioneering decarbonisation work that the Group is carrying out in Spain.

Regarding casings, films and bags obtained through the treatment of plastic polymers, based on the preliminary analysis carried out, the value chain of this activity has not yet fully progressed to meet the technical alignment criteria established in the regulations, towards which Viscofan is working, particularly the development and promotion of casings with a percentage of recycled material and materials of natural origin.

Foundation

In its Communication of 8 March 2018, the European Commission published its "Action Plan: Financing Sustainable Growth", launching an ambitious and comprehensive strategy to make finance a key driver for moving towards an economy that ensures that the goals of the Paris Agreement and the European Union's (EU) 2030 Agenda for Sustainable Development are met.

In this context, the package of measures presented defines 10 specific actions that have as one of their main objectives to redirect capital flows towards sustainable investments. As a consequence of the first of these actions, the Taxonomy Regulation, Regulation (EU) 2020/852, has been published, which aims to establish a classification system that, 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

This regulation has been modified gradually over several years to include the technical selection criteria for the 6 objectives.

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.

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.

On 27 June 2023, the European Commission adopted Delegated Regulation (EU) 2023/2486, which completes Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical selection criteria to determine in what conditions an economic activity will be considered to contribute substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to the prevention and control of pollution, or to the protection and recovery of biodiversity and ecosystems, and to determine whether such economic activity does not cause significant harm to any of the other environmental objectives. It also introduces amendments to Commission's Delegated Regulation (EU) 2021/2178, specifically with regard to the disclosure of specific public information on such economic activities.

On 27 June 2023, the Commission adopted Delegated Regulation (EU) 2023/2485, amending Delegated Regulation (EU) 2021/2139, establishing additional technical selection criteria to determine the conditions in which an economic activity contributes substantially to climate change mitigation or adaptation to climate change, and to determine whether that economic activity does not cause significant harm to any of the other environmental objectives.

Activity classification bases

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 have a significant impact on 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.

Reporting obligations for the 2023 financial year

In accordance with the regulations in force on the date of formulation of this management report, Viscofan's reporting obligations with respect to the taxonomy are the following:

- For the objectives of mitigation and adaptation to climate change, Viscofan must report activities as eligible or non-eligible and whether they are aligned with the taxonomy, in the same way as in the previous year.
- For the other four environmental objectives, as set out in Article 10, paragraph 6 of Delegated Regulation (EU) 2021/2178, as amended in 2023 by Delegated Regulation (EU) 2023/2486, from 1 January 2024 to 31 December 2024 Viscofan is required to disclose the proportion of eligible and non-eligible economic activities according to the taxonomy under Delegated Regulation (EU) 2023/2486.

Analysis of implications for Viscofan

Analysis of eligibility with respect to the 6 environmental objectives

The Viscofan Group has conducted an analysis to identify the eligibility of the Group's activities with respect to the six environmental objectives:

The Traditional Business division, which represents 81% of the Viscofan Group's revenue (see note 20.1 of the consolidated report), includes the manufacture and distribution of cellulose, fibrous and collagen casings for sausages and other applications. This activity has not been identified by the European Commission as having a significant impact on any of the six environmental objectives, and, therefore, they are not eligible activities that are included in the annexes to the regulations described above.

The New Business division represents 12% of the Viscofan Group's revenue and encompasses several activities. Of these, the activity of manufacturing casings, films and bags obtained through the treatment of plastic polymers is included as an eligible activity in the objective of transition to a circular economy as the manufacturing of plastic containers. The rest of the division's activities are not eligible according to the taxonomy or are of little relevance.

Energy sales account for 7% of the Viscofan Group's revenue. They include the cogeneration 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 with respect to the objectives of climate change mitigation and adaptation to climate change. The rest of the energy sales correspond to income from the sale of electricity transformed at the Zacapu facilities (Mexico), an activity that is not eligible according to the taxonomy.

Analysis of alignment with environmental objectives

Cogeneration

Viscofan has carried out alignment analysis of the cogeneration activity based on the provisions of Annex I of the Regulation, which includes the criteria that this activity must meet in order 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 cogeneration 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 and 2023, it has successfully completed use of a cogeneration engine with green hydrogen as fuel. Although a regular continuous supply of green hydrogen is not currently available, Viscofan has already installed two cogeneration engines with the capacity to partially use green hydrogen and thus be prepared for a rapid transition when such a supply becomes available.

Manufacture of casings, films and bags through the treatment of plastic polymers

Viscofan has carried out alignment analysis of this activity based on the provisions of Annex II of the Regulation, which includes the criteria that this activity must meet in order to be considered as making a substantial contribution to the transition to a circular economy.

Based on this analysis, the activity of manufacturing casings, films and bags through the treatment of plastic polymers does not meet the established technical criteria of circularity and reuse.

Although, Viscofan, within its objective of promoting a circular economy, has developed the eFAN casing, which contains up to 95% recycled or bio-based plastic material, and although for now sales of this product are low, Viscofan is seeking to increase their importance through commercial promotion and by improving supply sources. The Group's main plastic extrusion and converting centres have the certification of ISCC PLUS, a sustainability certification programme for bio-based and circular (recycled) raw materials not regulated as transport fuels, according to the European Renewable Energy Directive, for all markets and sectors.

Calculation of indicators

The main key performance indicators have been calculated in accordance with the EU Commission Delegated Regulation, which complements Regulation (EU) 2020/852 of the European Parliament and of the Council. This regulation details the content and presentation of the information that must be disclosed by companies subject to articles 19 bis or 29 bis of Directive 2013/34/EU in relation to sustainable economic activities from an environmental perspective. It specifies the method for complying with the obligation to disclose information about the presentation of data related to economically sustainable activities from an environmental point of view.

Calculation of the key performance indicator on turnover

For the calculation of the indicator, the accounts required by the Regulation have been identified in the denominator, the turnover being the amount included as "Sales and services rendered" (see note 20 of the Notes to the Consolidated Financial Statements).

For the calculation of the numerator, the amount of sales and service provision 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.

Economic indicators

This section includes the indicators by economic activity in relation to their eligibility and alignment with the Taxonomy of Sustainable Finance. They have been presented following the templates included in Commission Delegated Regulation (EU) 2021/2178, of 6 July 2021, modified by Commission Delegated Regulation (EU) 2023/2486, of 27 June 2023:

Information about activities related to fossil gas

This information responds to the reporting requirements of Delegated Regulation (EU) 2022/1214 of 9 March 2022 for the key performance indicators applicable to activities related to fossil gas. In particular, for Viscofan the cogeneration activity referred to in section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139.

Turnover

In million €	Year 2023			Substantial contribution criteria								Criteria for the absence of material injury						Proportion of turnover that conforms to the taxonomy, 2022	Category, Facilitating activity	Category, Transition activity
	ID	Absolute Turnover	Proportion of Turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Contamination	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainability and protection of water and marine resources	Transition to circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Minimum guarantees	%			
Economic activities																				
Row legend		€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	T	
A. ACTIVITIES ELIGIBLE ACCORDING TO TAXONOMY																				
A.1 Environmentally sustainable activities (conforming to the taxonomy)																				
Turnover of environmentally sustainable activities (that conform to the taxonomy) (A.1)		0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%	
A.2 Activities eligible according to the taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy)																				
Row legend		€	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL		
High-efficiency cogeneration of heat/cooling and electricity from fossil fuels	CCM. 4.30.	79.5	6.5%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	7.1%	
Manufacture of plastic containers	CE. 1.1	109.5	8.9%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	
Turnover of activities eligible according to taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy) (A.2)		189.0	15.4%	6.5%	N/A	N/A	8.9%	N/A	N/A	N/A	8.9%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7.1%	
Turnover from activities eligible according to taxonomy (A.1 + A.2)		189.0	15.4%	6.5%	N/A	N/A	8.9%	N/A	N/A	8.9%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7.1%	
B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																				
Turnover from activities not eligible according to taxonomy		1,036.8	84.6%																	
TOTAL		1,225.8	100.0%																	

In million €	Year 2023		Substantial contribution criteria						Criteria for the absence of material injury						Proportion of CapEx that conforms to the taxonomy, 2022	Category, Facilitating activity	Category, Transition activity	
	ID	CapEx	€	%	Climate change mitigation Y; N; N/EL	Climate change adaptation Y; N; N/EL	Water and marine resources Y; N; N/EL	Circular economy Y; N; N/EL	Contamination Y; N; N/EL	Biodiversity and ecosystems Y; N; N/EL	Climate change mitigation Y/N	Climate change adaptation Y/N	Sustainability and protection of water and marine resources Y/N	Transition to circular economy Y/N				Pollution prevention and control Y/N
A. ACTIVITIES ELIGIBLE ACCORDING TO TAXONOMY																		
A.1 Environmentally sustainable activities (conforming to the taxonomy)																		
Economic activities			0.0	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%
A.2 Activities eligible according to the taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy)																		
	Row legend	€	€	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	
	High-efficiency cogeneration of heat/cooling and electricity from fossil fuels	CCM- 4.30.	0.4	0.4%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.5%
	Manufacture of plastic containers	CE. 1.1	7.4	8.8%	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/A
	CapEx of activities eligible according to taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy) (A.2)		7.8	9.2%	0.4%	N/A	N/A	8.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.5%
	CapEx of eligible activities according to taxonomy (A.1 + A.2)		7.8	9.2%	0.4%	N/A	8.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.5%
B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																		
	CapEx of ineligible activities according to taxonomy		76.3	90.8%														
	TOTAL		84.1	100.0%														

Legend:
Y: YES; N:No; EL: Eligible; N/EL: Not eligible; CCM: Climate Change Mitigation; F: Facilitator; T: Transition

In million €	Year 2023		Substantial contribution criteria						Criteria for the absence of material injury						Proportion of OpEx that conforms to the taxonomy 2022	Category			
	ID	OpEx	%	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Contamination	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainability and protection of water and marine resources	Transition to circular economy	Pollution prevention and control			Protection and restoration of biodiversity and ecosystems	Minimum guarantees	%
A. ACTIVITIES ELIGIBLE ACCORDING TO TAXONOMY																			
A.1 Environmentally sustainable activities (conforming to the taxonomy)																			
OpEx of environmentally sustainable activities (that conform to the taxonomy) (A.1)		0.0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%		
A.2 Activities eligible according to the taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy)																			
Row legend	€	%	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL			
High-efficiency cogeneration of heat/cooling and electricity from fossil fuels	CCM. 4.30.	2.8	7.8%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	6.4%		
Manufacture of plastic containers	CE. 1.1	1.2	3.4%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/A		
OpEx of activities eligible according to taxonomy but not environmentally sustainable (activities that do not conform to the taxonomy) (A.2)		4.1	11.2%	7.8%	N/A	N/A	3.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.4%		
OpEx of eligible activities according to taxonomy (A.1 + A.2)		4.1	11.2%	7.8%	N/A	N/A	3.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.4%		
B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																			
OpEx of ineligible activities according to taxonomy		32.5	88.8%																
TOTAL		36.5	100.0%																

Legend:
Y: YES; N: No; EL: Eligible; N/EL: Not eligible; CCM: Climate Change Mitigation; F: Facilitator; T: Transition



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.

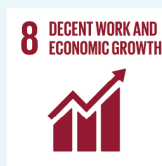
Material aspects

- Diversity, equality and non-discrimination
- Health and safety
- Quality in employment
- Salary gap
- Training

2023 Highlights

- Although in 2023 there was an increase of 0.5% in the group's average workforce, at year-end 2023 there was a decrease of 3.2% compared to year-end 2022.
- The percentage of women in managerial positions continues to increase, rising to 22.4%, although it is still far from the 30% target for 2030.
- The Group's accident rate has decreased from 0.26% in 2022 to 0.14% in 2023, as a result of the company's efforts to reduce workplace accidents and the deployment of safety plans and campaigns in different subsidiaries.

Axis of action



- 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.

Human team

Viscofan is made up of a large team of professionals in 22 countries where the company is present, reflecting its marked international character. 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 2023 was 5,346 employees, an increase of 0.5% (29 employees) on the average workforce reported in the previous year. Of this workforce, 3,797 are men (3,783 in 2022) and 1,549 are women (1,534 in 2022).

At 2023 year-end, the workforce comprised 5,332 employees (3.2% less than the workforce at 2022 year-end), of which 3,761 are men (3,899 in 2022) and 1,571 women (1,611 in 2022).

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



Breakdown of the average workforce by country	2023				2022			
	Men	Women	TOTAL	% covered by collective agreement	Men	Women	TOTAL	% covered by collective agreement
Spain	691	253	944	65%	689	252	941	66%
Czech Republic	358	259	618	100%	374	294	668	100%
Serbia	430	243	673	100%	437	237	674	100%
Germany	487	82	569	81%	484	80	564	81%
China	217	151	368	0%	227	151	378	0%
Australia	62	23	86	34%	57	17	74	39%
Belgium	59	13	72	100%	59	12	71	100%
France	7	6	13	100%	7	7	14	100%
United kingdom	10	2	12	0%	10	2	12	0%
Thailand	7	11	18	0%	6	9	15	0%
New Zealand	4	3	7	0%	4	3	7	0%
Russia	4	2	6	0%	4	2	6	0%
Japan	1	0	1	0%	1	-	1	0%
India	0	1	1	0%	-	1	1	0%
Europe and Asia	2,336	1,05	3,386	73%	2,359	1,067	3,427	74%
US	436	186	622	36%	436	170	606	48%
Mexico	537	118	654	69%	521	115	635	73%
Canada	42	16	57	0%	38	16	54	0%
North America	1,015	319	1,334	51%	995	301	1,296	59%
Brazil	370	156	526	100%	355	145	500	100%
Uruguay	71	16	87	95%	68	13	81	95%
Costa Rica	6	8	14	0%	6	8	14	0%
Latin America	447	180	626	97%	429	166	595	97%
TOTAL	3,797	1,549	5,346	70%	3,783	1,533	5,317	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.

International mobility within the Group remained stable, with an average of 33 employees that participated in international projects and which were posted abroad for a long duration (34 in 2022). Likewise, short trips were adapted to the travel guidelines and the travel restrictions imposed by the company. Faced with this scenario, Viscofan reinforced investment in technology and new digital tools to overcome the travel restrictions and to reduce the risk and the economic and environmental costs associated therewith.

In this regard, it should be noted that 59% 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 42 years. Of the total of the average workforce, 31% are people under 35 years old, 43% are between 35 and 50 years old, and 26% are over 50 years old.

Breakdown of the average workforce by age	2023		
	Men	Women	Total
17 - 34 years	1,177	505	1,682
35 - 50 years	1,572	725	2,297
More than 50 years	1,048	319	1,367
TOTAL	3,797	1,549	5,346

Average workforce by age and type of contract	2023		
	Permanent	Temporary contract	TOTAL
17 - 34 years	1,407	275	1,682
35 - 50 years	2,134	163	2,297
More than 50 years	1,323	44	1,367
TOTAL	4,864	482	5,346



59% 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.

	2022		
	Men	Women	Total
	1,199	516	1,715
	1,557	705	2,262
	1,027	313	1,34
	3,783	1,534	5,317

	2022		
	Permanent	Temporary contract	TOTAL
	1,314	401	1,715
	2,062	200	2,262
	1,296	45	1,34
	4,672	645	5,317

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: 51.5% of those working at Viscofan are operators and 17% are specialised personnel. Within this industrial context, Viscofan is committed to stable quality employment, and 91% of the workforce have permanent contracts and 98.5% are full-time workers.

Average workforce. Type of contract	2023			2022		
	Men	Women	TOTAL	Men	Women	Total
Permanent contract	3,499	1,365	4,864	3,372	1,3	4,672
Temporary contract	298	184	482	411	234	645
TOTAL	3,797	1,549	5,346	3,783	1,534	5,317

Average workforce. Type of working day	2023			2022		
	Men	Women	TOTAL	Men	Women	Total
Full time contract	3,746	1,522	5,268	3,749	1,505	5,254
Part time contract	51	27	78	34	29	63
TOTAL	3,797	1,549	5,346	3,783	1,534	5,317

Average workforce by category	2023			2022		
	Men	Women	TOTAL	Men	Women	TOTAL
Management	101	29	130	107	26	133
Technicians and department heads	944	360	1,304	932	357	1,289
Administrative personnel	54	187	241	54	178	232
Specialised personnel	692	224	916	699	230	929
Workers	2,006	749	2,755	1,991	743	2,734
TOTAL	3,797	1,549	5,346	3,783	1,534	5,317

Average workforce by category and type of contract	2023			2022		
	Permanent	Temporary contract	TOTAL	Permanent	Temporary contract	TOTAL
Management	129	1	130	132	1	133
Technicians and department heads	1,247	57	1,304	1,213	76	1,289
Administrative personnel	217	23	240	207	25	232
Specialised personnel	829	87	916	823	106	929
Workers	2,442	314	2,756	2,297	437	2,734
TOTAL	4,864	482	5,346	4,672	645	5,317

Average workforce by category and part-time	2023			2022		
	Men	Women	TOTAL	Men	Women	TOTAL
Management	2	0	2	1	-	1
Technicians and department heads	13	6	19	10	6	16
Administrative personnel	1	8	9	2	8	10
Specialised personnel	15	6	21	4	6	10
Workers	21	6	27	17	9	26
TOTAL	51	27	78	34	29	63

Average workforce by age and part-time	2023			2022		
	Men	Women	TOTAL	Men	Women	TOTAL
17 - 34 years	11	7	18	7	8	15
35 - 50 years	12	8	20	7	7	14
More than 50 years	27	13	40	20	14	34
TOTAL	50	28	78	34	29	63

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, with the updating of talent management policies and the development of 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 was created in 2022.

Viscofan aspires to be a company where the talent of its employees can develop and reach the highest level. In 2023, Viscofan was recognised by Institutional Investor, in its Developed Europe Executive Team awards, as Best Investor Relations (IR) Professional and Best Investor Relations Team, within the Small/Mid Cap category of the Paper & Packaging sector. It was also mentioned in the top 3 for Best IR and ESG Programmes. In the All Caps category of the same sector, Viscofan came second in the awards for Best Investor Relations Professional and Best Investor Relations Team and came third in the awards for Best IR Programme.

Also, Viscofan has 1,134 employees with university degrees (1,137 in 2022), of which 45 had a doctorate (44 employees in 2022). 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.



Viscofan aspires to be a company where the talent of its employees can develop and reach the highest level.



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	2023		2022	
	Men	Women	Men	Women
Management	77.6%	22.4%	80.4%	19.6%
Technicians and department heads	72.4%	27.6%	72.3%	27.7%
Administrative personnel	22.4%	77.6%	23.3%	76.7%
Specialised personnel	75.5%	24.5%	75.2%	24.8%
Workers	72.8%	27.2%	72.8%	27.2%
TOTAL	71.0%	29.0%	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	2023	2022	2021	2020	2019	2018
Percentage of women in executive posts	30%	22.4%	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 the evaluation of the previous plan, with an analysis of the actions performed and implemented or pending performance. Likewise, since the end of 2020, unbundled data was gathered by gender, in line with the new legal regulations, pursuant to RD 901/2020 and RD 902/2020 on remuneration equality, thereby including a remuneration audit.



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.

To promote diversity, Viscofan works with special employment centres in Spain and in other countries to perform certain tasks that contribute to the development of our production activity. It also employs people with disabilities. It also employs people with functional diversity. The breakdown of this heading is as follows:

	2023			2022		
	Men	Women	TOTAL	Men	Women	TOTAL
Number of employees with functional diversity	60	6	66	65	6	71

Furthermore, in the area of equality, Viscofan has joined the CEO alliance for Diversity, a pioneering initiative in Europe, in which a total of 91 male and female executives have participated in the whole of Spain. Following the mission of uniting the CEOs of the main companies around a common innovative vision of diversity, equity and inclusion, acting as promoters and ambassadors that help to accelerate the development of strategies that contribute to business excellence, the competitiveness of talent in Spain and the reduction of inequality and exclusion in the Spanish society. The participation of Viscofan in the alliance involves its presence at meetings and symposiums, all in line with the commitment of going into depth in our policies and strategies of diversity, equity and inclusion, seeking synergies among different member companies.

In addition, the Viscofan Group participates as a collaborating entity and a member of the Management Committee of the Observatory of Conciliation and Joint Responsibility of Universidad Pontificia de Comillas.

Viscofan's work centres contribute to human development, basing themselves on a culture and shared values, and where they offer conditions that facilitate collective talent, the exchange of ideas, innovation, contrasted opinions and shared initiatives.

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.



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.



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 2023, the workforce increased very slightly and improvements in efficiency and productivity allowed us to improve the revenue per employee ratio.

	2023	2022	2021
Average workforce	5,346	5,317	5,083
Revenue in Mn €	1,226	1,201	969
Revenue per employee (thousands of €)	229.3	225.9	190.7

The average workforce increased by 0.5% in 2023 as opposed to 2022, situating the net variation in employment ⁽¹⁾ at 29 people. The net variation in employment by category, gender and age is broken down as follows:

Net change in employment Breakdown by age	2023			2022		
	Men	Women	TOTAL	Men	Women	TOTAL
17 - 34 years	-22	-11	-33	100	17	117
35 - 50 years	15	20	35	75	40	115
More than 50 years	21	6	27	-4	6	2
TOTAL	15	15	29	171	63	234

Net change in employment Breakdown by category	2023			2022		
	Men	Women	TOTAL	Men	Women	TOTAL
Management	-6	3	-3	6	4	10
Technicians and Department Heads	12	3	14	36	16	52
Administrative personnel	0	9	9	-3	2	-1
Specialised personnel	-7	-6	-13	29	1	30
Workers	16	6	22	103	40	143
TOTAL	15	15	29	171	63	234

The importance of these stakeholders - the employees - can be seen in the generated and distributed value table. In 2023, employees received €231 million of the total value generated by the Group (€236 million in 2022).

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 2023, which stands at 3.13% (3.5% in 2022).

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 layoffs was 31% higher than in 2022. The subsidiaries that recorded the most average layoffs are: Brazil (22), USA (43), Czech Republic (12), Mexico (31) and Canada (10).

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

Average workforce layoffs by category	2023			2022		
	Men	Women	TOTAL	Men	Women	TOTAL
Management	1	0	1	2	0	2
Technicians and Department Heads	12	3	15	9	7	17
Administrative personnel	1	3	5	1	3	4
Specialised personnel	11	4	15	11	4	15
Workers	65	34	99	52	13	66
TOTAL	91	44	135	76	27	103

Average number of layoffs by age	2023			2022		
	Men	Women	TOTAL	Men	Women	TOTAL
17 - 34 years	49	16	66	44	11	55
35 - 50 years	27	21	48	21	11	32
More than 50 years	15	6	21	11	5	16
TOTAL	91	44	135	76	27	103

Average number of layoffs by gender	2023	2022
Men	91	76
Women	44	27
TOTAL	135	103

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 euro per category and age is as follows:

Average remuneration (€)	2023	2022
Management *	147,163	219,816
Technicians and Department Heads	51,965	51,196
Administrative personnel	35,647	33,488
Specialised personnel	29,717	27,836
Workers	29,092	27,138
TOTAL	37,002	36,805

Average remuneration (€)	2023	2022
17 - 34 years	28,490	25,848
35 - 50 years	34,019	33,999
More than 50 years	54,576	59,254
TOTAL	37,002	36,805

*Excludes executive directors' remuneration in 2023 and 2022.

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

The average remuneration increases by 0.5% with remuneration increases in all categories due to inflation. There was an exception with directors, whose remuneration decreases by 33% due to the receipt of the three-year bonus linked to the achievement of long-term objectives in 2022.

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

Minimum wage paid in the country vs legal minimum wage in the country (% difference over minimum wage)	
Spain	107%
Czech Republic	0%
Germany	53%
Serbia	4%
Belgium	20%
United kingdom	0%
France	0%
Russia	1156%
China	5%
Thailand	145%
Australia	3%
New Zealand	14%
Canada	0%
US	37%
Mexico	13%
Brazil	80%
Uruguay	18%
Costa Rica	56%
Japan	572%
India	1,219%



Within the area of remuneration,

70% of the company's employees are covered by general collective bargaining agreements, therefore improving the minimum conditions set by the different employment legislation.

Within the area of remuneration, 70% 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 €37,002 (€36,805 in 2022): €40,125 for men (€40,215 in 2022) and €29,545 for women (€28,525 in 2022). 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:

	2023	2022	2021	2020
Germany	14.5%	11.0%	7.3%	14.2%
Australia	8.5%	7.8%	2.7%	7.8%
Belgium	0.6%	0.0%	-1.9%	2.1%
Brazil*	17.1%	12.7%	16.3%	34.1%
Canada*	-2.3%	1.2%	12.7%	13.7%
China	12.9%	10.8%	6.8%	17.0%
Costa Rica	4.5%	-84.5%	-2.7%	-27.2%
CZ	11.3%	9.3%	11.9%	15.0%
Spain	9.7%	8.8%	11.2%	9.9%
France	3.6%	1.3%	6.0%	11.9%
Mexico*	7.3%	6.9%	15.6%	3.3%
New Zealand	-1.2%	4.8%	-2.4%	19.9%
Russia	3.1%	4.3%	5.1%	3.3%
Serbia	6.4%	5.6%	2.6%	4.2%
Thailand	-8.0%	-16.1%	25.5%	24.0%
UK	-22.9%	-9.9%	-22.9%	-35.6%
Uruguay	13.2%	6.1%	5.1%	11.1%
US	22.2%	19.4%	12.6%	13.1%
India	N/A	N/A	N/A	N/A
Japan	N/A	N/A	N/A	N/A

* 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 (4.5% in 2023 vs. -84.5% in 2022), New Zealand (-1.2% in 2023 vs. 4.8% in 2022), Thailand (-8.0% in 2023 vs. -16.1% in 2022), UK (-22.9% in 2023 vs. -9.9% in 2022) and Uruguay (13.2% in 2023 vs. 6.1% in 2022), in commercial branches with small staff sizes and individualised salary conditions. In addition, in order 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 Management Report.

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

Professional development

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

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

Continuous training is one of Viscofan's primordial goals for its personnel, thereby boosting personal and professional development. The methodology has changed, with training through e-learning platforms, both at corporate and local level, which 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, 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. In 2023, this programme has continued, with more sessions being held in Spain, the USA and China, as well as at corporate level. In these sessions, training has been provided in skills such as: Viscofan DNA, constructive feedback, communication with the manager, and teamwork.

For management levels, the Operational Leadership Programme has been developed. It started in November 2023 in Spain, and is expected to be deployed in the rest of the subsidiaries during 2024. This programme addresses people management from a more day-to-day point of view: the Viscofan leadership style, performance management and communication styles, among other topics.

In 2023, the Transversal Leadership Programme, launched in 2022, continued at corporate level. This programme is 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 cross-cutting projects.

For all this commitment to human capital training, the group has invested €1.34 million (€1.35 million in 2022), of which €0.26 million (€0.26 million in 2022) correspond to training and explicit awareness in health and safety (more information in the workplace safety section).



Continuous training is one of Viscofan's primordial goals for its personnel, thereby boosting personal and professional development.

Training

15.3

hours per employee

12.7 hours in 2022

93%

of employees who have received training

€1.3

million intended for training

Training	2023		
	Men	Women	Total
Number of hours	55,817	25,984	81,801
Average number of hours per employee	14.7	16.8	15.3
% of employees who have received training	93.2%	92.7%	93.0%

Training	2022		
	Men	Women	Total
Number of hours	43,221	24,496	67,717
Average number of hours per employee	11.4	16.0	12.7
% of employees who have received training	93.9%	95.1%	94.3%

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 2,585 hours, compared to the 3,539 hours invested in 2022.

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

Average workforce redundancies. Breakdown by category	2023			2022		
	Men	Women	Total	Men	Women	Total
Management	1,626	1,106	2,732	1,581	997	2,578
Technicians and Department Heads	19,136	8,978	28,114	17,664	10,16	27,825
Administrative personnel	1,064	3,955	5,019	654	3,972	4,626
Specialised personnel	11,3	6,109	17,41	6,937	4,561	11,497
Workers	22,692	5,834	28,526	16,385	4,806	21,191
TOTAL	55,818	25,983	81,801	43,221	24,496	67,718

The total number of hours dedicated to training reported in 2023 has increased by 21% compared to the previous year, highlighting the increase in training for specialised personnel and operators.

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 40 internships (44 in 2022).

In 2023, 45% of the Group's staff was subject to a performance assessment process, compared with 44% in the previous year. The breakdown by gender and professional category is as follows:

Performance assessment	2023			% average workforce	2022			% average workforce
	Men	Women	TOTAL		Men	Women	TOTAL	
Management	100	30	130	100%	98	23	122	92%
Technicians and Department Heads	542	231	773	59%	605	218	823	64%
Administrative personnel	17	78	95	39%	28	87	115	49%
Specialised personnel	285	126	411	45%	220	102	322	35%
Workers	657	319	976	35%	660	294	954	35%
TOTAL	1,601	784	2,385	45%	1,611	724	2,335	44%

In line with the development of a high-performance culture, in 2023, Viscofan continued to work on a more digital and collaborative workspace in 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.

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 has also been latent in 2023, 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 necessary at all times 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.

In 2022, several improvements were made in the field of occupational health and safety and these have continued to be made in 2023: implementation of fire protection projects in Pando (Uruguay), Weinheim (Germany) and České Budějovice (Czech Republic); renewal of pleating machines in the group, including safety improvements. 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.



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.

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

	2023	2022	2021
Hours lost per accident	14,924	25,014	18,278

	2023			2022		
	Men	Women	Total	Men	Women	Total
Number of accidents	85	20	105	107	30	137
Occupational diseases	5	0	5	5	0	5
Accident rate ¹	0.16%	0.10%	0.14%	0.28%	0.21%	0.26%
Severity index ²	0.20	0.13	0.18	0.34	0.26	0.32
Occupational accidents Frequency ³	11.3	6.6	10	15.9	9.3	14.1
Absenteeism rate ⁴	4.19%	4.43%	4.26%	4.83%	5.14%	4.92%

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. In 2023, the same criteria established in 2022 will be maintained.

In 2023, accidents in the group have decreased (105 in 2023 vs. 137 in 2022), as well as their severity, with a severity index of 0.18 (compared to 0.32 registered in 2022). The accident rate decreased by 0.12 p.p. compared to 2022. The number of occupational diseases remained the same as in 2022, with 5 cases.

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	2023	2022	2021	2020	2019	2018
Accident rate	50	35	62	48	63	83	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.



In 2023, accidents in the group have decreased (105 in 2023 vs. 137 in 2022), as well as their severity

Reducing the accident rate

-0.12 pp

The accident rate decreased.



In 2023, accidents in the group have decreased (105 in 2023 vs. 137 in 2022), as well as their severity, with a severity index of 0.18 (compared to 0.32 registered in 2022). The accident rate decreased by 0.12 p.p. compared to 2022.

The breakdown of the number of hours of training in this area is as follows:

Health and Safety Training	2023			2022		
	Men	Women	Total	Men	Women	Total
Number of hours	17,067	3,470	20,537	14,039	3,306	17,345
Average number of hours per employee	4.5	2.2	3.8	3.7	2.2	3.3
% of employees who have received training	79%	70%	76%	72%	70%	71%

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	České Budějovice	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	Planned for 2024
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.

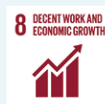
Material aspects

- Sustainable supply chain management
- Human rights
- Consumer health

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.



Homologation system

of 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.

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.



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.

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.



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 2023, 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

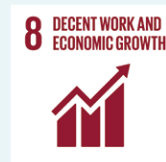
Axis of action



- Donations to NGOs to fight hunger, especially in the context of the crisis generated by COVID-19
- Development of specific products to combat malnutrition.



- Grants for the improvement of health facilities and equipment in hospitals, senior citizens' centres, paediatric centres and centres for the care of people with functional diversity.
- R&D&i seeking solutions based on our knowledge for the development of Advanced Therapies in our Bioengineering division and food supplement products.



- 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 a wide range of social, economic and environmental objectives. Our of all of these, Viscofan has identified the Sustainable Development Goals (SDGs) where the company can generate the greatest positive impact, and to do so it has taken into account both the nature of its business activity and the corporate mission and vision.

The 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 2023 was €228 thousand (€305 thousand in 2022).

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 people with functional diversity 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:

Canada

Support for disadvantaged groups

Donation to Harvest Meats for people with functional diversity to enjoy a camp at Easter and to improve medical equipment.

Donation to MacGregors Meat & Seafood Ltd to support the Sleeping Children Around the World organisation for the purchase of bedding.

Sponsorship of a golf tournament with funds going to the SickKids charity foundation and Children's Miracle Network Hospitals for sick children.



USA

Support to non-profit associations

Support to several charities, including the Monogram Loves Kids Foundation, providing resources to children in disadvantaged communities.

Financial contribution to the Young Life project aimed at young people.



Mexico

Support for disadvantaged groups

Provision of health material and equipment to set up a medical area in the Nuestra Sr. de Fátima nursing home.



Uruguay

Support to non-profit associations

Financial donation to the NGO Los Rosales, which works to transform lives by providing children, young people and women in the Casavalle neighbourhood with access to a comprehensive, quality education, with the family as its fundamental pillar. Viscofan Uruguay also collaborated with the NGO Los Pinos, facilitating job placement for young people from the same neighbourhood.



Support for disadvantaged groups

Financial donation to the Schiaffino Nursing Home.



Brazil

Actions for the promotion of sport and culture

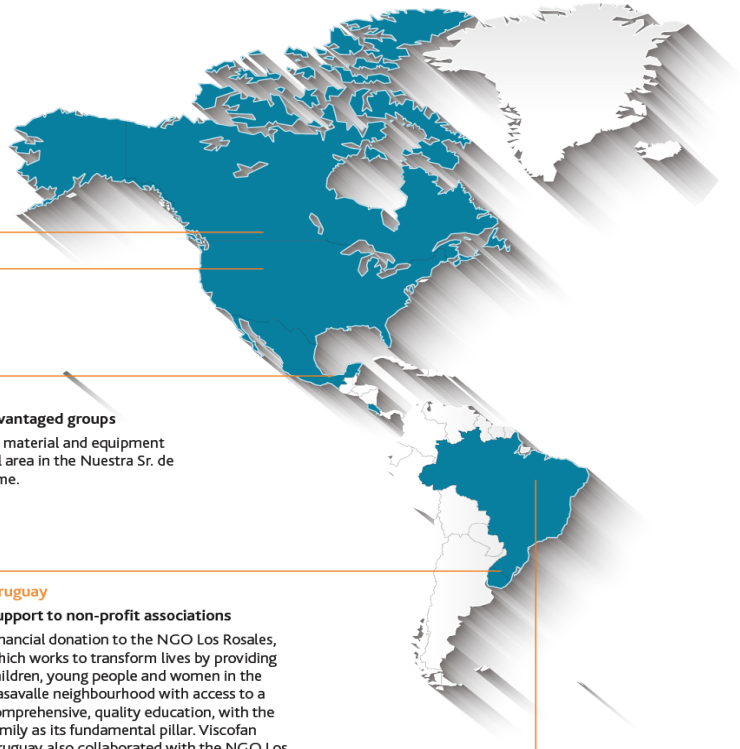
Donation to the social inclusion project Football, School and Citizenship to promote sports, culture and integration into the labour market.



Australia

Aid to vulnerable groups

Donation to the Drug Arm association to help people with alcohol and drug dependence and their families.



United Kingdom

Aid to vulnerable groups

Donation of school supplies and equipment to children with autism and children with learning needs at the Five Acre Wood School and Platt Primary School.

Financial donation to the Barretstown Children's Charity.



Support to non-profit organisations

Donation to social services in benefit of the most vulnerable section of the population and support for the charity race "Řimov's run for smile" to benefit families in need.



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.



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.



Germany

Aid to vulnerable groups

Financial donations to the following groups: Weinheimer Tafel, for the distribution of food to people in need; Stadtjugendring Weinheim, for needy young people; Lebenshilfe Weinheim, for the care of sick, elderly and/or severely people with functional diversity; Save the Children, to help children affected by the earthquake that occurred in Turkey in February 2023.



Promotion of culture

Financial contribution to the Förderverein Partnerschaft Weinheim-Cavaillon Association to support the twinning of the cities of Weinheim and Cavaillon (France).



Belgium

Promoting responsible production and consumption

Donation for the installation of beehives in companies with the aim of increasing the bee population.



Support for disadvantaged groups

Financial donation to families with young children to purchase healthy food.



Serbia

Support to non-profit organisations

Financial donation to different non-profit organisations: Diaverzum (Novi Sad), Red Cross (Novi Sad); Children Village (Sremska Kamenica).



Actions to promote education

Donation of computer equipment to the Dušan Radović School (Novi Sad) and the Mihajlo Pupin Institute (Novi Sad).



Czech Republic

Aid to vulnerable groups

Donation to social services in benefit of the most vulnerable section of the population and support for the charity race "Řimov's run for smile" to benefit families in need.



Aid to vulnerable groups

Donations to different non-profit organisations: Red Cross, Caritas Diocesan, DalecandELA Association, Alboan, Institución Futuro and Anapar.



Aid to vulnerable groups

Participation in the "Elitpak Ambalaj ve Üretim Sanayi ve" campaign for humanitarian aid following the earthquake in Turkey.



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:

Entre estas instituciones se encuentran:

- **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.
- **Working group of the Gelatine and Collagen Lebensmittelverband (Germany)**. An organisation of German gelatin and collagen manufacturers.
- **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.
- **CENER (National Centre for Renewable Energy)**. A prestigious technology centre recognised for its activity, both in Spain and in other countries, which carries out applied research in renewable energies and provides technological support to energy companies and institutions in five areas: wind, solar thermal, solar photovoltaic and biomass energy, energy transition in cities, grid integration, and electrical and hydrogen storage.
- **CEIN (European Business and Innovation Centre in Navarra)**. A centre committed to entrepreneurship, innovation, growth and business collaboration in Navarra.
- **IndesIA**. An association promoting the use of artificial intelligence and big data to make Spanish industry a global benchmark.
- **The Consejo España – EE. UU Foundation**. A civil society initiative that promotes dialogue and aims to strengthen the ties between Spain and the United States to heighten mutual understanding.

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)
- Technological University of Uruguay (UTEC)
- University of the Basque Country (Spain)

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.

In 2020, two regenerative biomedicine research consortiums were approved – ARDAT and TriAnkle - in which Viscofan BioEngineering continues to participate and lead in 2023, 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.



Viscofan is importantly supported by the different administrations of the countries where it develops R&D activities,

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 6 of Viscofan S.A.'s financial statements) for which it contributes through the corresponding taxes. In 2023, income tax payments amounted to €41 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 €13.7 million (note 16 to the consolidated financial statements).





2.5

Economic and financial pillar

2.5.1. Stock market performance

Stock markets

In 2023, the world economy has exceeded the initial expectations⁽⁵⁾, which predicted of a greater slowdown in growth, and is making moderate progress in the recovery after the impacts of the Covid-19 pandemic, the war in Ukraine, and the cost of living crisis.

However, despite this positive surprise, economic growth has slowed down again for another year and the outlook for 2024 points to a continuation of this trend⁽⁶⁾ in a context marked by war and geopolitical tensions, and the impact of inflation and high interest rates on the disposable income of families and companies.

Precisely to reverse these inflationary tensions, the European Central Bank and the Fed in the USA have pursued policies aimed at reducing their balance sheets and raising interest rates.

Price change indicators, which began the 2023 financial year at very high levels, have progressively slowed their increases in this environment of contractionary monetary policies by central banks and as global supply chains have rebalanced after the strong imbalances experienced in previous years.

In terms of exchange rates, the Euro has appreciated against the US dollar after a 2022 revaluation of the North American currency due to its nature as a safe haven currency, which reached parity against the European currency.

The main stock market indices have closed the year 2023 with increases, recovering from the decreases of the previous year, driven largely by better-than-expected global economic growth, and the announcements by the Fed and the European Central Bank of the end of the increases in interest rates due to the slowdown in inflation in the last months of the year. In the United States, the S&P 500 index gained 24.2% in 2023, and in Europe the Euro Stoxx 600 gained 12.7%, the German DAX gained 20.3%, and in Spain the Ibex 35 gained 22.8%.

In particular, the food sector, of which Viscofan is a member both in Spain (Consumer Goods segment, Food subsector) and in Europe (Euro Stoxx Food and Beverage), has decreased by -3.2% and - 3.0%, respectively, impacted by the inventory reduction movement in part of the sector and uncertainty of demand due to the impact on households' disposable income of inflation and interest rate increases.

The casings industry and Viscofan have not been immune to this trend, which has resulted in a decline in market volumes, leading to Viscofan lowering its growth prospects in the publication of its third quarter results, in a year also marked by the high energy cost in the income statement. As a result of the above Viscofan's share price closed 2023 at €53.60, a decrease of 11.0%, and of 8.2% if the payment of dividends is considered.

(5) In its October 2022 report, the IMF report anticipated global GDP growth of +2.7% in 2023 compared to the +3.0% forecast in its October 2023 report.
(6) According to the IMF, global growth will moderate from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024, well below the historical average (2000-19) of 3.8%.

**Average daily
market price**

€60.48

per share

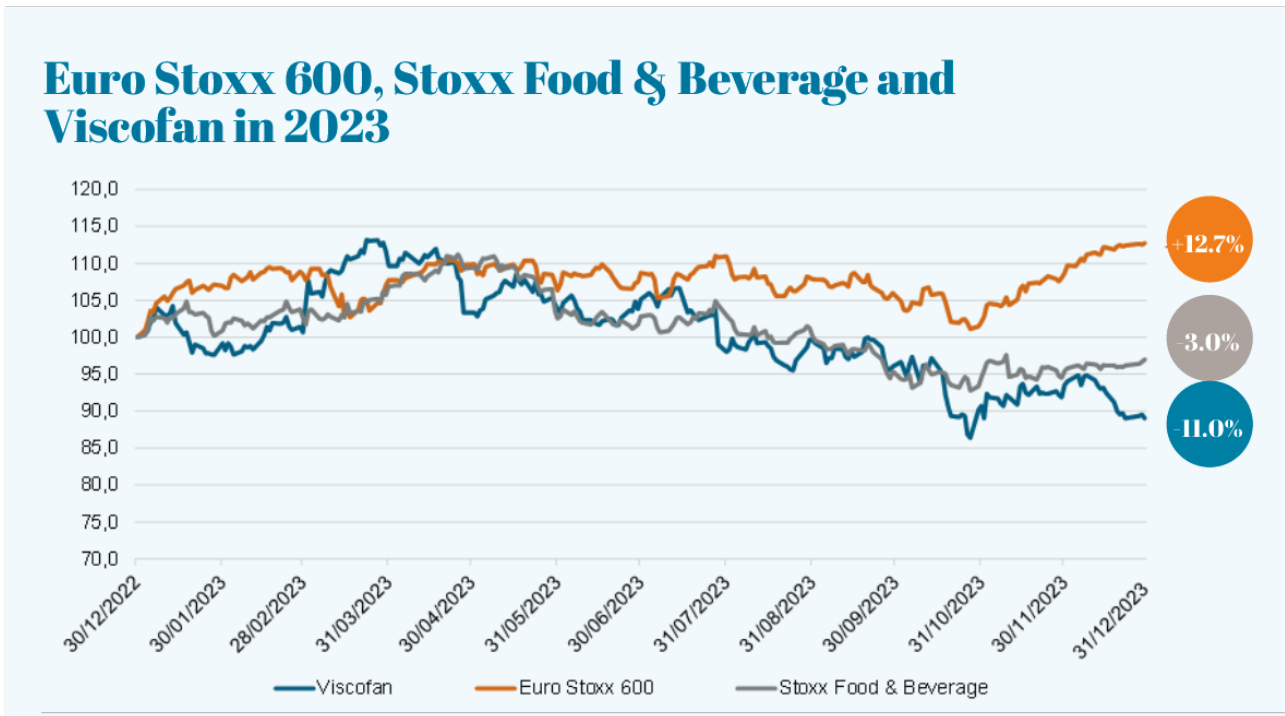
Capitalisation

€2,492

million at the end of
2023

The average daily market price in the year was €60.48 per share and Viscofan's market capitalisation stood at €2,492 million at the end of 2023.

In addition, nearly 11 million Viscofan shares were traded on the Spanish continuous market during the year, with cash traded of €663 million, equivalent to a daily average of €2.6 million.



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.

Since October 2023, Viscofan has been part of the IBEX ESG, the family of indices launched by BME (Spanish Stock Exchanges and Markets) to promote sustainability.

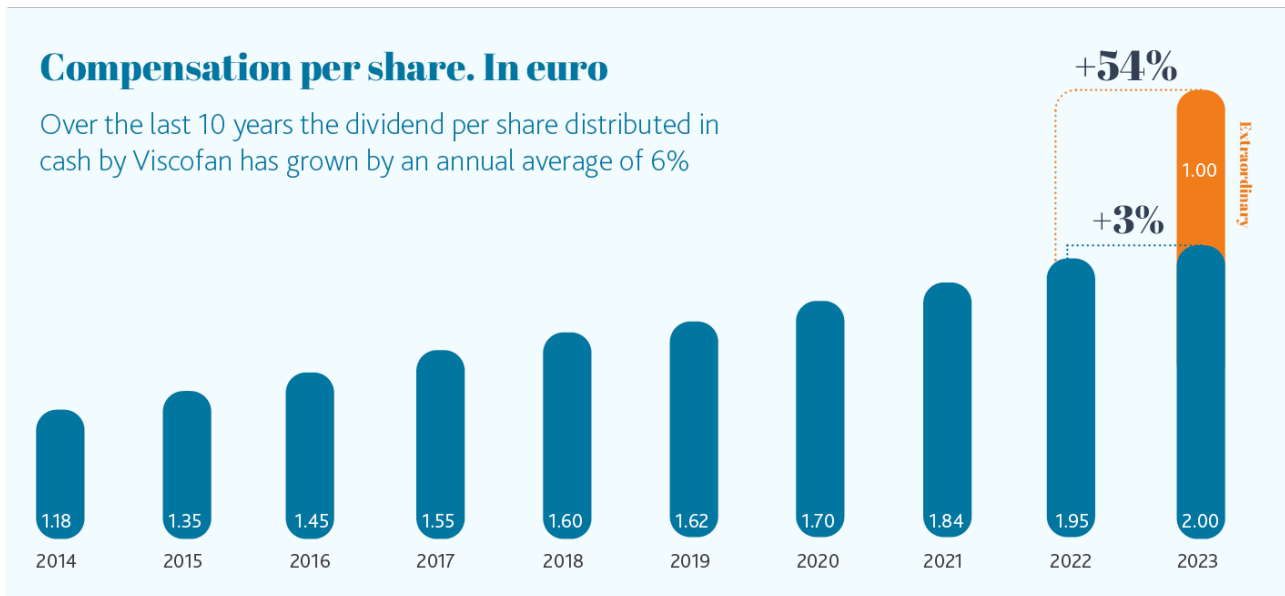
Dividend

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 respect, the Board of Directors of the Viscofan Group has resolved to propose to the General Shareholders' Meeting a profit distribution equivalent to a remuneration of €3.00 per share. Of which €2.00 per share - equivalent to the distribution of 65.6% of net profit - is of an ordinary nature, and €1.00 per share is of an extraordinary nature after completion of the first half of the Beyond25 strategic plan with higher than expected operating cash flows. Shareholder remuneration consists of:

- An interim dividend of €1.40 per share (paid on 20 December, 2023).
- The proposed ordinary final dividend of €0.59 per share and extraordinary final dividend of €1.00 per share under the optional dividend system in cash or shares "Viscofan Flexible Remuneration" in a lump sum payment expected in June 2024.
- A bonus of €0.01 per share for attending the General Shareholders' Meeting.

The proposed total and ordinary distribution are 53.8% and 2.6% higher than the previous year's remuneration of €1.95 per share, respectively.

Likewise, in terms of ordinary remuneration, over the last 10 years the dividend per share distributed in cash by Viscofan has grown by an annual average of 6% from €1.12 in 2013 to the €2.00 proposed by the Board of Directors against 2023 results. In terms of yield, the proposed ordinary dividend for 2023 represents 3.7% of the closing share price for 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 2023 a total of 15 analysis companies, both national and international, are covering the company.

At the same time, Viscofan encourages direct or remote contact through face-to-face meetings with investors, both shareholders and non-shareholders interested in the company. In 2023, Viscofan held a total of 183 face-to-face or video-call meetings with investors – shareholders or otherwise – in the framework of seminars and events held by the financial community. In 2022, there were 253 meetings of this type.

The communication effort carried out throughout all these years has been recognised by the investment community. In 2023, Viscofan was recognised by Institutional Investor, in its Developed Europe Executive Team awards, as Best Investor Relations Professional and Best Investor Relations (IR) Team, within the Small/Mid Cap category of the Paper & Packaging sector. It was also mentioned in the top 3 for Best IR and ESG Programmes. In the All Caps category of the same sector, Viscofan came second in the awards for Best IR Professional and Best IR Team and came third in the awards for Best IR Programme.

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 2023, the most frequently asked questions have been related to the impact of inventory reduction by customers, energy cost inflation, the evolution of New Businesses, sustainability projects at Viscofan, and shareholder remuneration, among others.



Key stock market data developments

	Period Beyond25	Period MORE TO BE					
	2022	2021	2020	2019	2018	2017	2016
Share price €							
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) Basic earnings per share are calculated by dividing net earnings by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

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

2.5.2. Economic and management results



Among the strategic initiatives

include the implementation of a new converting plant in Thailand, which is expected to be commissioned before the end of 2024, and sustainability investments, particularly in the area of decarbonisation in Cáseda (Navarra).

Business performance

Market

In 2023, the estimated volume size of the casings market has shown a decrease in the region of 4%. The largest decline in the last twenty-four years caused by weak consumption in an environment of slower economic growth, significantly in emerging markets, and by the process of inventory adjustments in the sector.

Development of the Beyond25 strategic plan

In a context of rising energy costs, particularly natural gas in Spain, raw materials and labour costs, the Viscofan Group has implemented a generalised increase in selling prices to partially offset this inflation.

However, after a first few months where the market performed in line with expectations, an unprecedented adjustment process began to take place, which has resulted in a decline in volumes in absolute terms for the industry as a whole.

Viscofan has adjusted quickly to this market environment and, in the face of weak demand, has refocused its priorities on cost containment, production adjustments and inventory control, which has allowed it to improve operating margins and reduce working capital in the last quarter of the year.

This temporary market situation has not prevented the successful completion of major transformation initiatives in the United States with the implementation of new cellulosic casing technology in Danville and collagen in New Jersey. The production results of both projects were even higher than initially expected, although the expected synergies have not yet been achieved due to the lower sales volume as a result of both the market downturn and product adjustment problems during the transition, which have now been resolved.

Other strategic initiatives include the implementation of a new converting plant in Thailand, which is expected to be commissioned before the end of 2024, and sustainability investments, particularly in the area of decarbonisation in Cáseda (Navarra).

All in all, Viscofan closed the 2023 financial year with record highs in the main financial figures. Revenues grew by 2.1% year-on-year, EBITDA by 0.5% and net profit by 1.1%. Net bank debt stood at €138.0 million at year-end, 0.5 times EBITDA.

With the completion of the main organic transformation projects foreseen in the Beyond25 plan, the results have exceeded the achievement of the initially planned operating cash flows. Against this background, and taking into account the financial

strength and the expected expansion of future cash flows, the Board of Directors has approved to submit to the General Shareholders' Meeting a total remuneration of €3.00 per share for the 2023 financial year, an increase of 53.8% in shareholder remuneration compared to the previous year, consisting of an extraordinary remuneration of €1.00 per share, and an ordinary remuneration of €2.00 per share, 2.6% higher than the ordinary remuneration of the previous year, and equivalent to a distribution of 65.6% of the net profit.

Therefore, in addition to the interim dividend of €1.40 paid in December 2023, there will be an ordinary final dividend of €0.59 and an extraordinary final dividend of €1.00 to be paid in June under the optional dividend system in cash or shares "Viscofan Flexible Remuneration", which, together with an attendance bonus of €0.01, corresponds to an expected total remuneration for the financial year 2023 of €3.00 per share.

In turn, the Board of Directors has approved submitting to the General Shareholders' Meeting the possibility of flexible remuneration with which shareholders can decide whether they prefer to obtain new shares in a paid-up capital increase or cash remuneration. Furthermore, in order to avoid dilution of shareholders who do not participate in the capital increase, the Board plans to redeem the treasury shares necessary to keep the number of outstanding shares stable.

Revenue

€1,225.8 →

million

+2.1% vs. 2022

EMEA
43.3%

€531.3 million

+4.7% vs. 2022

APAC
12.9%

€158.5 million

-6.1% vs. 2022

North America
30.2%

€369.3 million

-0.1% vs. 2022

South America
13.6%

€166.7 million

+7.6% vs. 2022

Breakdown by type of business

Traditional Business

€985.3

million

+2.3% vs. 2022



Driven by an increase in the price mix which offset the decline in volumes.

New Businesses

€151.5

million

+4.9% vs. 2022



With functional solutions and value-added plastic packaging performing particularly well.

Energy sales

€89.0

million

-4.8% vs. 2022



This decrease is due to lower electricity sales prices, and limitations on the sale to the grid of electricity from cogeneration engines in specific periods of high electricity production in the Spanish electricity system.

Ebitda

€268.4

million

+0.5%

Net result

€141.0

million

+1.1%



New historical highs with year-on-year growth in terms of revenues, EBITDA and net income.

Investment

€77.5 →

million



Projects during the year included recurring maintenance investments, progress on the construction of a new cellulosic and collagen converting plant in Thailand, and investments in the converting phase in the Czech Republic.

	Accumulated				Fourth Quarter			
	Jan-Dec' 23	Jan-Dec' 22	Change	Like-for-like*	Oct-Dec' 23	Oct-Dec' 22	Change	Like-for-like*
Revenue	1.225.787	1.201.028	2,1%	4,2%	299.579	327.669	-8,6%	-5,5%
EBITDA	268.400	267.173	0,5%	7,9%	75.765	76.555	-1,0%	5,5%
EBITDA margin	21,9%	22,2%	-0,3 p.p.	0,8 p.p.	25,3%	23,4%	0,1 p,9	2,7 p.p.
Operating profit	184.686	189.026	-2,3%		54.194	56.203	-3,6%	
Net profit	140.962	139.430	1,1%		40.165	34.332	17,0%	

Revenue breakdown ('000 €)

	Jan-Dec' 23	Jan-Dec' 22	Change	Oct-Dec' 23	Oct-Dec' 22	Change
Traditional Business	985.305	963.089	2,3%	238.700	260.864	-8,5%
New Business	151.521	144.465	4,9%	35.038	39.887	-12,2%
Other revenue from energy	88.961	93.474	-4,8%	25.841	26.918	-4,0%
Revenue	1.225.787	1.201.028	2,1%	299.579	327.669	-8,6%

By geographical area

By geographical area	Jan-Dec' 23	Jan-Dec' 22	Change	Oct-Dec' 23	Oct-Dec' 22	Change
Europe, Middle East and Africa (EMEA)	531.317	507.404	4,7%	132.753	144.344	-8,0%
Asia Pacific (APAC)	158.467	168.837	-6,1%	44.999	47.429	-5,1%
North America	369.323	369.815	-0,1%	88.872	95.013	-6,5%
South America	166.680	154.972	7,6%	32.955	40.883	-19,4%
Revenue	1.225.787	1.201.028	2,1%	299.579	327.669	-8,6%

*Like-for-like: Like-for-like growth excludes the impact of exchange rate fluctuations in 2023 and the non-recurring operating profit expense of €1.9m due to production stoppages in the US in 3Q23 as a result of power outages caused by the utility company.

Revenue

Traditional Business

€985.3

million

+2.3% vs. 2022

New Businesses

€151.5

million

+4.9% vs. 2022

Energy sales

€89.0

million

-4.8% vs. 2022

Revenue:

In the year to December 2023, net revenues amounted to €1,225.8 million, an increase of 2.1% vs. 2022 and 4.2% excluding the impact of exchange rate changes.

In the Traditional Business, revenues grew by 2.3% to €985.3 million, driven by an increase in the price mix which offset the decline in volumes.

In New Businesses, revenues grew by 4.9% to €151.5 million, with functional solutions and value-added plastic packaging performing particularly well.

Conversely, energy sales, at €89.0 million, are 4.8% lower than in 2022. This decrease is due to lower electricity sales prices in the Spanish market, and limitations on the sale to the grid of electricity from cogeneration engines in specific periods of high electricity production in the Spanish electricity system.

The geographical breakdown of ⁽⁷⁾ net turnover in the year to December 2023 was as follows:

- EMEA (43.3% of the total): Reported revenues amounted to €531.3 million, 4.7% higher than in 2022 and 5.2% higher on a like-for-like basis.
- APAC (12.9% of the total): Reported revenues are €158.5 million, down 6.1% vs 2022 and 0.9% like-for-like, impacted by lower volumes in China and South East Asia.
- North America (30.2% of the total): Revenues amounted to €369.3 million, a decrease of 0.1%, while they grew by 2.8% on a like-for-like basis.
- South America (13.6% of the total): Revenues amounted to €166.7 million, a growth of 7.6% compared to 2022 and 10.1% on a like-for-like basis.

The weakness of the market has been especially significant in the fourth quarter, also impacting the evolution of the Group, whose net turnover in the fourth quarter of the year stood at €299.6 million, 8.6% below 4Q22. In addition to weak consumption in the quarter, particularly in the emerging markets of Brazil and Asia, and inventory reduction initiatives at customers, there were quality problems associated with the assurance plan during the technological migration in the US, which, although they have been resolved, caused the loss of sales in the US.

Excluding the effect of exchange rate movements, comparable revenues fell by 5.5% compared to the same quarter the previous year

Operating expenses

The 2023 financial year was marked by high natural gas prices in Spain, high raw material prices - particularly in the first half of the year - and wage inflation. In this context, operational activity has been focused on cost control in response to lower market demand and high costs.

In the year to December, consumer spending⁽⁸⁾ increased by 8.1% to €421.0 million with a gross margin⁽⁹⁾ of 65.7% (67.6% in 2022). The inflationary trend in raw materials has been reversing throughout the year, with some raw materials such as caustic soda and polyamides generating savings compared to the previous year. However, consumer spending in 4Q23 fell by 5.4% to €105.2 million, leaving the gross margin at 64.9%, down from 66.1% in 4Q22.

On a cumulative basis, personnel expenses for the 2023 financial year increase by 3.0% to €270.1 million, in a period in which the cumulative average headcount rises by 0.6% to 5,346. Personnel expenses in 4Q23 fell by 2.7% to €64.6 million.

Other operating expenses in the year to December were €280.9 million, a decrease of 3.5% compared to 2022. Of this, energy supply costs fell by 1.7% and transport costs by 25.6%. The better cost evolution is visible in the fourth quarter, where other operating expenses decreased by 17.9% to €60.9 million, supported by lower energy supply costs (-11.8% vs 4Q22) and transportation (-42.2% vs. 4Q22), in addition to short-term cost control measures that were implemented in the quarter.

(7) Revenue by origin of sales: EMEA (European companies), North America (Canada, Costa Rica, Mexico and the United States), APAC (Australia, China, Japan, New Zealand, Thailand), Latin America (Brazil and Uruguay).

(8) Consumption costs = Consumables +/- Changes in inventory of finished goods and work in progress.

(9) Gross margin = (Revenue - Consumption costs)/Revenue.

Geographic breakdown

EMEA

43.3%

€531.3 million

+4.7% vs. 2022

APAC

12.9%

€158.5 million

-6.1% vs. 2022

North America

30.2%

€369.3 million

-0.1% vs. 2022

South America

13.6%

€166.7 million

+7.6% vs. 2022

Operating profit

The reported EBITDA for 4Q23 stands at €75.8 million (-1.0% vs 4Q22) and in 2023 by €268.4 million (+0.5% vs 2022). On a like-for-like basis¹, EBITDA grew 5.5% in the quarter and 7.9% in the year to December.

In the fourth quarter, the reported EBITDA margin improved by +1.9 p.p. to 25.3% and by +2.7 p.p. to 26.1% on a like-for-like basis, reflecting the strength of Viscofan's business model, flexibility and ability to adapt to the adverse environment. In this regard, the improved sales price mix, savings from technological improvements and cost containment plans have offset strong cost inflation, lower operating leverage due to lower volumes and lower revenues from cogeneration energy.

On a cumulative basis, the reported EBITDA margin in 2023 was 21.9%, -0.3 p.p. lower than in 2022, while on a like-for-like basis, it improved by 0.8 p.p. vs the previous year to 23.0%.

Amortisation expense in 2023 increased by 7.1% to €83.7 million, giving rise to an operating result (EBIT) in 2023 of €184.7 million (-2.3% vs. 2022).

Financial result

In the full year 2023, net financial result was negative at -€15.8 million with negative exchange rate differences of -€9.7 million and with financial expenses increasing to €6.9 million. These figures compare with a negative net financial result of -€5.2 million in 2022, a period in which exchange rate differences were negative with -€5.0 million and financial expenses €1.4 million.

Net profit

Profit before tax for the year to December 2023 is €168.9 million and the corporate income tax expense is €27.9 million, bringing the effective tax rate to 16.5%, lower than the 24.1% of the previous year as a result of the special tax deductions associated with the impact of COVID19 in China and the tax change in Brazil, which provides tax benefits for exporting companies.

All in all, the reported Net Profit in the fourth quarter was €40.2 million (+17.0% vs 4Q22) bringing the cumulative Net Profit to December 2023 to €141.0 million (+1.1% vs 2022).

Investment

A total of €77.5 million was invested in 2023, significantly below the €125.6 million in 2022 in response to a slower growth environment. Projects during the year included recurring maintenance investments, progress on the construction of a new cellulosic and collagen converting plant in Thailand, and investments in the converting phase in the Czech Republic.

The breakdown by type of investment in 2023 is as follows:

- 16% of the investment was earmarked for investments in capacity and machinery.
- 3% of the investment was earmarked for process improvements and new technology.
- 26% of the investment was earmarked for improvements in sustainability, including energy equipment and the optimisation of the installations in terms of security, hygiene, and protecting the environment.
- The remaining 55% was spent on ordinary investments.

At year-end 2023, the investment commitments are €28.9 million compared to €4.2 million at year-end 2022.

Dividends and shareholder remuneration

The Board of Directors of the Viscofan Group has resolved to propose to the General Shareholders' Meeting a profit distribution equivalent to a remuneration of €3.00 per share. Of which €2.00 per share - equivalent to the distribution of 65.6% of net profit - is of an ordinary nature, and €1.00 per share is of an extraordinary nature after completion of the first half of the Beyond25 strategic plan with higher than expected operating cash flows. Shareholder remuneration consists of:

- An interim dividend of €1.40 per share (paid on 20 December, 2023).
- The proposed ordinary final dividend of €0.59 per share and extraordinary final dividend of €1.00 per share under the optional dividend system in cash or shares "Viscofan Flexible Remuneration" in a lump sum payment expected in June 2024.

The proposed total and ordinary distribution are 53.8% and 2.6% higher than the previous year's remuneration of €1.95 per share, respectively



Equity

The Group's equity at year-end 2023 amounts to €957.8 million, 5.6% higher than at the end of the previous year, mainly due to the higher net profit for the current year and the increase in reserves due to the distribution of the net profit for the previous year.

Treasury shares

At 31 December 2023, the company had 419,095 treasury shares representing 0.90% of the voting rights valued at €21.7 million.

During the 2023, 15,389 treasury shares were delivered to Viscofan staff within the framework of the company's variable remuneration plans. Also in 2023, the Company acquired 112,800 treasury shares under the protection of the authorisation granted by the General Shareholders' Meeting on 27 April 2023.

At 31 December 2022, Viscofan, S.A. held a total of 321,684 treasury shares representing 0.69% of its voting rights, for a value of €16.2 million.

Financial liabilities

The net bank debt⁽¹⁰⁾ at year-end 2023 was €138.0 million, higher than the €101.3 million at year-end 2022 after payment of the interim dividend of €64.6 million in December 2023, and with a cash outflow in the year of €76.9 million for investments in tangible and intangible assets, €90.6 million for working capital and €5.5 million for treasury shares.

In addition, based on IFRS 16, which requires most non-cancellable operating leases to be recorded on the balance sheet as an asset for the right of use and a liability for the future amounts payable, the breakdown of Net Financial Debt is as follows:

(10) Net bank debt = Non-current bank debt + Current bank debt - Cash and cash equivalents.

	Dec 2023	Dec 2022	Change
Net Bank Debt *	137.963	101.264	36,2%
<i>Debts related to right-of-use assets</i>	<i>11.541</i>	<i>10.490</i>	<i>10,0%</i>
<i>Other net financial liabilities**</i>	<i>31.157</i>	<i>29.859</i>	<i>4,3%</i>
Net Financial Debt	180.661	141.613	27,6%

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

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

The net financial debt is the equivalent of 18.9% of the equity, with a leverage level that is sufficient to be able to attend to all Viscofan's liquidity needs.

Outlook for 2024

Viscofan expects to continue to achieve record results with growth in the main financial figures of revenues, EBITDA and net income.

In this context, Viscofan expects to grow revenues by 3% to 5%, EBITDA by 8% to 12% and Net Profit by 10% to 15% in 2024 with an investment volume of around 65.



2.6

Annexes sustainability report

2.6.1. 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 2023 to 31 December 2023 using the GRI standards as a reference.

GRI 1 used: GRI 1: Foundation 2021

GRI standard	Description	Section	Omission
GRI 2: General Disclosures			
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	Period covered by the report, frequency and contact point	General Information - Foundation	
2-4	Updating of information	General Information - Foundation	
2-5	External verification	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	Appointment and selection of the highest governance body	Governance Pillar - Good governance practices	
2-11	Chairman of the senior 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	Function of the senior governance body in the preparation of sustainability reports	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	Performance assessment of the highest governance body	Annual Corporate Governance Report. Section C.1.17	
2-19	Remuneration policies	Governance Pillar - Good governance practices Annual Remunerations Report	

2-20	Process for determining remuneration	Annual Remunerations Report
2-21	Total annual compensation ratio	Annual Remunerations Report. Section C.2.

4. Strategy, policy and practice

2-22	Sustainable Development Strategy Statement	Chairman's letter General Information - Business Model
2-23	Commitments and policies	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 legislation and regulations	Governance Pillar - Regulatory Compliance System
2-28	Affiliation to associations	Social Pillar – Local communities

5. Stakeholder engagement

2-29	Approach for the participation of stakeholders	General Information - Foundation
2-30	Collective bargaining agreements	Social Pillar – Labour management

GRI 3. Material Topics 2021

3-1	Process of determining the 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 201: Economic performance (2016)

201-1	Direct generated and distributed financial value	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	Obligations of the benefits plan 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	Ratio of standard initial category salary 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	Investments in infrastructure and supported services	Chairman's letter Social Pillar – Local communities Environmental pillar - Governance, strategy and resources for environmental sustainability
203-2	Significant indirect financial impacts	Economic and financial pillar. Economic and management results
GRI 204: Procurement practices (2016)		
204-1	Proportion of expense with local suppliers.	Social Pillar – Taking care of the supply chain
GRI 205: Anti-corruption (2016)		
205-1	Transactions assessed for corruption-related risks	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 cases of corruption and measures taken	Governance Pillar – Regulatory compliance system and Prevention of corruption, fraud and money laundering
GRI 206: Anti Competitive Behaviour (2016)		
206-1	Legal actions related to unfair competition, monopolistic practices and against free competition	Governance Pillar – Regulatory compliance system and Prevention of corruption, fraud and money laundering
GRI 207: Tax (2019)		
207-1	Tax pillar	Governance Pillar – Good governance practices
207-2	Tax governance, Risk control and management	Governance Pillar – Good governance practices
207-2	Stakeholder engagement and management of stakeholder concerns on tax issues	General Information – Foundation.
207-4	Presentation of reports country by country	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	Interaction with water as a shared resource	Environmental Pillar - Responsible management of the end-to-end water cycle
303-3	Water extraction	Environmental Pillar - Responsible management of the end-to-end water cycle
303-4	Water discharges	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 emissions of GHG (scope 1)	Environment - Climate change management and energy efficiency
305-2	Indirect emissions of GHG from generating energy (scope 2)	Environment - Climate change management and energy efficiency
305-4	Intensity of GHG emissions	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 impacts related with waste	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 there is an environmental administrative file that was opened in 2010 and for which no resolution has been received. At the end of 2023, the probability that the sanction can be confirmed judicially is estimated to be remote and that is why it does not constitute or is not reflected as a contingent liability in note 14.3 of the Group's consolidated report.
GRI 308: Environmental evaluation of suppliers (2016)		
308-1	New suppliers that have passed screening filters according to 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 hiring and staff rotation	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	Participation of workers, queries and notifications 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	Professional diseases and illnesses	Social Pillar - Labour management - Safety at work
GRI 404: Training and teaching (2016)		
404-1	Average number of training hours per employee	Social Pillar - Labour management - Professional development
404-2	Programmes to improve employee skills and transition assistance programmes	Social Pillar - Labour management - Professional development

404-3	Percentage of employees who receive periodic performance and professional development assessments	Social Pillar - Labour management – Professional development
405-1	Diversity in governing bodies and employees	Governance Pillar - Good governance practices Social Pillar - Labour management Equality and work-life balance
405-2	Ratio of base salary and remuneration of women to men	Social Pillar - Labour management Employment and remuneration
GRI 406: Non-Discrimination (2016)		
406-1	Cases of discrimination and corrective actions undertaken	Governance Pillar - Regulatory Compliance System
407-1	Operations and suppliers whose right to freedom of association and collective bargaining could 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 with significant risk of cases 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 with significant risk of cases 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 participation, 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 have passed screening filters according to 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 the categories of products or services	Social Pillar - Taking care of the supply chain
GRI 417: Marketing and labelling (2016)		
417-1	Requirements for information and labelling of products and services	Social Pillar - Taking care of the supply chain
GRI 418: Customer privacy (2016)		
418-1	Complaints based on violations of the customer's privacy and loss of the customer's data	Social Pillar - Taking care of the supply chain

2.6.2. 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, Environmental assessment or certification procedures Resources aimed at preventing environmental risks Application of precautionary principle Provisions and guarantees for environmental risks	GRI 3-3. Management of material topics GRI 3-3. Management of material topics GRI 3-3. Management of material topics GRI 2-3 Policy commitments 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
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
	Consumption of raw materials and the measures adopted to improve efficiency of use	GRI 303-5 Water consumption
		Confidential
Climate Change	Greenhouse gas emissions	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
		GRI 305-1 Direct emissions of GHG (scope 1)
The measures adopted to adapt to the consequences of climate change		GRI 305-2 Indirect emissions of GHG from generating energy (scope 2)
		GRI 305-4 GHG emissions intensity
		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 GRI 405.1.b) The percentage of employees by employee category for each of the following diversity categories: gender and age group.
		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 turnover rate of personnel during the reporting period, by age group, gender and region (in relation to dismissals)
		Average remuneration and its tendency broken down by gender, age and professional classification or equal value	GRI 405-2: Ratio of base salary and remuneration of women to men for each job category
		Salary gap	GRI 405-2: Ratio of base salary and remuneration of women to men for each job category.
		Remuneration of equal or average work posts of the company	GRI 405-2 Ratios of standard entry level wage by gender compared to local minimum wage
		The average remuneration of directors and executives, including variable remuneration, attendance fees, indemnity payments, payments to long-term savings insurance schemes and any other benefit broken down by gender	GRI 2-19 Remuneration policies GRI 2-20 Process for determining remuneration
		Implementation of employment disconnection measures	GRI 3-3. Management of material topics

	Employees with functional diversity	GRI 405-1. b) Percentage of employees by employment category for each of the following diversity categories (iii. Vulnerable groups).
Work organisation	Organisation of working time	GRI 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 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
	Organisation of social dialogue, including the procedures to inform on and consult employees and negotiate with them	GRI 2-29. Approach for the participation of stakeholders GRI 402-1 Minimum warning periods for operational changes GRI 403-4 Participation of workers, queries and notifications on occupational health and safety
	Mechanisms and procedures in place the company has in place to promote the involvement of workers in the management of the company, in terms of information, with	GRI 3-3 Management of material materials
	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 people with functional diversity.	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 people with functional diversity	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)
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 406-1 Cases of discrimination and corrective actions undertaken 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 412-2 Training of employees in human rights policies or procedures
			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 subject to impact assessments or reviews on human rights

		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 fields
		Promotion of and compliance with the provisions of the ILO's fundamental agreements related with respect for freedom of association and the right to collective bargaining, the elimination of employment discrimination and occupation, the elimination of forced and obligatory labour and the effective abolition of child labour	GRI 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 expense with 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 participation, 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 participation, impact assessments and development programmes
	Association or sponsorship actions	GRI 2-28 Affiliation to 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	<p>GRI 3-3. Management of material topics (Environmental and social assessment of suppliers)</p> <p>GRI 308-1 New suppliers that have passed assessment and screening filters according to environmental criteria</p> <p>GRI 407-1 Operations and suppliers whose right to freedom of association and collective bargaining could be at risk</p> <p>GRI 409-1 Operations and suppliers with significant risk of cases of forced or compulsory labour</p> <p>GRI 414-1 New suppliers that were screened using social criteria</p>
	Supervision and audit systems and their outcome	GRI 308-1 New suppliers that have been assessed according to environmental criteria
Consumers	Measures for the health and safety of consumers	<p>GRI 3-3. Management of material topics (health and safety of customers)</p> <p>GRI 416-1 Assessment of the health and safety impacts of the categories of products or services</p> <p>GRI 417-1 Requirements for information and labelling of products and services</p>
	Systems to process claims, complaints received and their resolution	<p>GRI 2-26 Mechanisms for seeking advice and raising concerns</p> <p>GRI 3-3. Management of material topics (health and safety of customers)</p> <p>GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data.</p>
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 aid
received from the
government

Scope: Taxonomy

Reporting Framework: EU 2020/852 regulation

2.6.3. 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.