

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF THE COMPANY VIDRALA, S.A. IN RELATION TO THE AGREEMENT REFERRED TO IN ITEM EIGHT OF THE AGENDA OF THE ORDINARY GENERAL SHAREHOLDERS MEETING.

1.- PURPOSE OF THE REPORT.

Section 529.12r of the current Corporations Act requires, among other requirements, a reasoned report from the Board of Directors and the Appointment and Remuneration Committee in relation to the remuneration policy for directors.

The purpose of this report is to comply with the aforementioned rule, which is formulated by the Board of Directors of Vidrala, S.A. ('the following 'Vidrala' or the 'Company') to justify the proposal, which is submitted for approval at the Company's General Shareholders Meeting called for April 27, 2021, 12:00 p.m., at first call and the following day, April 28, 2021, at the same time, at second call, under item seven of the agenda.

2.- JUSTIFICATION OF THE PROPOSAL.

The new remuneration policy for directors proposed by the Appointments and Remuneration Committee is intended as a tool to ensure the presence of talent, effort and value creation in the Company's governing body. It has been designed to capture and retain the best directors, encourage their effort, foster their creativity and leadership and ensure that their interests are at all times aligned with those of Vidrala's shareholders.

To this end, the policy to be approved by the General Shareholders Meeting is based on the following principles:

- a) Give appropriate pay in accordance with the dedication and responsibility assumed by the directors, in accordance with that paid in the market in comparable companies due to their capitalization, size, ownership structure and international implementation.
- b) Ensure that remuneration directly contributes to achieving Vidrala's strategic objectives.

Therefore, the remuneration mechanisms for directors in their capacity as such are proposed. There are no remuneration mechanisms for directors with executive functions, insofar as none of them perform these functions.

As a conclusion to the above, and taking into account the proposal issued for this purpose by the Appointments and Remuneration Committee, the Board of Directors of Vidrala proposes a new remuneration policy for Board members for 2018-2020.

3.- FULL TEXT OF THE PROPOSED AMENDMENT AGREEMENT SUBMITTED FOR DELIBERATION AND DECISION AT THE ORDINARY GENERAL SHAREHOLDERS MEETING.

"EIGHT. - Approval of the remuneration policy for directors for 2021-2023.

In accordance with section 529r of the Corporations Act, approve the Directors Remuneration Policy for 2021-2023, the full text of which, together with the mandatory report of the Appointments and Remuneration Committee, is included in the Board's supporting report made available to shareholders as part of the documentation relating to the Ordinary General Shareholders Meeting. . "

4.- **APPOINTMENT AND REMUNERATION COMMITTEE REPORT RELATING TO THE PROPOSED DIRECTORS REMUNERATION POLICY**

"SUPPORTING REPORT RELATING TO THE REMUNERATION POLICY OF THE DIRECTORS OF VIDRALA, S.A.

1. INTRODUCTION

The Board remuneration policy (the 'Policy') of Vidrala S.A. ('**Vidrala**' or the '**Company**') that the Vidrala Appointment and Remuneration Committee proposes to its Board of Directors for consideration by the General Shareholders Meeting, the purpose of which is to describe and update the various elements of the remuneration policy of the Vidrala directors.

The issue of this report complies with section 529r (2) of the Corporations Act.

2. JUSTIFICATION OF THE PROPOSAL

The new Directors' Remuneration Policy aims to be a tool to ensure the presence of talent, effort and value creation in the Company's governing body. It has been designed to capture and retain the best directors, encourage their effort, foster their creativity and leadership and ensure that their interests are at all times aligned with those of Vidrala's shareholders.

The Appointment and Remuneration Committee considers that the proposal for the remuneration policy of directors that is submitted to the Board of Directors meets the functions reserved by the Corporations Act for this instrument, as well as the recommendations included in the Code of Good Governance of listed companies approved by the Spanish National Securities Market Commission on remuneration that are directly applicable to the characteristics of Vidrala as a company *and with the recommendations of good governance that are generally recognized in international markets in this area.*

The proposed new remuneration policy for directors is as follows:

VIDRALA DIRECTORS' REMUNERATION POLICY, S.A. FOR 2021-2023

*The Board of Directors of VIDRALA, S.A. ("**Vidrala**' or the '**Company**' or the '**Group**"), in exercise of its authority, submits to the approval of the Company's General Shareholders Meeting. Board members' remuneration policy (the **Remuneration Policy**"), at the proposal of the Appointment and Remuneration Committee.*

1. Temporary exceptions to the remuneration policy:

Section 529.19.1 of the Corporations Act (Corporations Act), in the wording established by Act 31/2014, of December 3, indicates that the approval of the remuneration policy of the directors falls within the competence of the General Shareholders Meeting at the proposal of the Board of Directors in accordance with section 249 bis (j) of that Act.

In accordance with section 529.19.1 of the Civil Procedure Act, the Board's remuneration policy will be in line with the remuneration system established in the Articles of Association.

Therefore, the statutory basis of this policy will be article 27 of the Articles of Association.

This remuneration policy for the Vidrala Board members is established for the years 2021 to 2023, as set out below.

2. Temporary exceptions to the remuneration policy:

The Remuneration Policy seeks to ensure that the remuneration of Vidrala's directors is appropriate for the dedication and responsibility assumed, and

in accordance with that paid on the market in comparable companies at the national and international levels, taking into account the long-term interest of all shareholders.

Therefore, the policy should be appropriate for the circumstances at any given time, paying special attention to the evolution of the regulations, best practices, recommendations and trends - national and international - in the remuneration of directors of listed companies and the prevailing market conditions.

The basic principles on which the Remuneration Policy is based for directors as such are as follows:

- a) Give appropriate pay in accordance with the dedication and responsibility assumed by the directors, in accordance with that paid in the market in comparable companies due to their capitalization, size, ownership structure and international implementation.
- b) Ensure that remuneration directly contributes to achieving Vidrala's strategic objectives.
- c) Ensure the correct attraction, motivation and retention of the best professionals.

Within the framework of the Board of Directors of Vidrala, there are no directors with executive functions, so that, in establishing their remuneration policies, only remuneration for directors is contemplated as such.

Therefore, **remuneration of directors as such** must be sufficient to compensate for their dedication, qualifications and responsibility, without compromising their independence. Furthermore, a market criterion must be taken into account, which is the remuneration established for directors of listed companies of an equivalent entity to the Company, and also takes into account the nature of their dedication.

3.- Directors Remuneration Policy.

A fixed annual allocation (which for 2021 will be €81.434) is established as remuneration policy for directors as such.

In addition to the above, due to their special dedication, the directors who perform special functions (the Chairman of the Board of Directors, the Chairman of the Appointment and Remuneration Committee and the Chairman of the Audit Committee) will receive additional remuneration.

The Chairman of the Board may also receive certain extraordinary amounts in addition to their ordinary remuneration, provided that the corresponding objectives, measurable by the Appointments and Remuneration Committee, are met as per its discretion and final decision. It may be established that the extraordinary amounts in addition to their ordinary remuneration must be reinvested in the Company's shares when they are received.

Along these lines, the Chairman of the Board will be entitled to receive additional remuneration - which in any case must be used for acquiring shares of the Company - based on compliance with the EBITDA of the Business Plan 2017-2021 of Encirc (as determined and measured by the Appointment and Remuneration Committee). This variable remuneration is contextualized within its special dedication to the development of the Company and its Group and is already envisaged in the remuneration policy for 2018-2020.

It is left to the Board to establish the frequency with which the annual allocation will be paid.

The Board members will also receive per diem for attending Board meetings.

There is no other type of remuneration, such as contributions to pension funds or welfare premiums.

Except as provided in this section and in article 27 of the Articles of Association relating to the maximum annual amount, the freedom of

the configuration of the Board of Directors is respected, as reserved by law.

Notwithstanding the amounts indicated for 2021, the Board of Directors may, in any case, adapt the annual remuneration in accordance with the circumstances that may arise at any given time, always within the principles indicated in this Policy.

4. Other considerations.

The Company has subscribed and pays the overall premium for a civil liability insurance policy for Board members and directors of VIDRALA, S.A. and most of the companies belonging to its group, which, therefore, also covers all Board members for the responsibilities that they may be required to carry out.