

FINANCIAL STATEMENTS AND MANAGEMENT REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2017

EBRO FOODS, S.A.

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EBRO FOODS, S.A.			
BALANCE SHEET AT DECEMBER 31, 2017 AND 2016			
Thousands of euros			
ASSETS		Note	Dec. 31, 2017
			Dec. 31, 2016
A) NON-CURRENT ASSETS			1,606,817
I. Intangible assets	5		7,630
3. Patents, licenses and trademarks		6,292	7,079
5. Software		524	551
II. Property, plant and equipment	6	978	1,351
1. Land and buildings		281	480
2. Plant and other PP&E		697	871
III. Investment property	7	7,844	7,886
1. Land		7,276	7,276
2. Buildings		568	610
IV. Non-current investments in group companies and associates	8	1,559,030	1,581,524
1. Equity instruments		1,557,026	1,581,231
2. Loans to companies	8 & 17	2,004	293
V. Non-current financial assets	9	22,033	22,440
1. Equity instruments		0	0
2. Loans to third parties		21,885	22,293
5. Other financial assets		148	147
VI. Deferred tax assets	15	10,116	9,796
B) CURRENT ASSETS			30,706
III. Trade and other receivables	9 & 10	25,891	12,410
1. Trade receivables		9	20
2. Trade receivables, group companies and associates	17	5,618	5,145
3. Sundry receivables		8	8
4. Receivable from employees		31	26
5. Current tax assets	15	19,278	6,403
6. Other amounts receivable from public authorities	15	947	808
V. Current financial assets	9	1,211	2,435
2. Loans to third parties		1,211	1,685
5. Other financial assets		0	750
VII. Cash and cash equivalents	11	3,604	5,207
1. Cash		3,603	5,207
2. Other cash equivalents		1	0
TOTAL ASSETS			1,637,523
			1,650,679

The accompanying notes 1 to 20 are an integral part of the balance sheet at December 31, 2017.

EBRO FOODS, S.A.			
BALANCE SHEET AT DECEMBER 31, 2017 AND 2016			
Thousands of euros			
EQUITY AND LIABILITIES		Note	Dec. 31, 2107
			Dec. 31, 2016
A) EQUITY			730,880
A.1) CAPITAL AND RESERVES	12		730,880
I. Capital			92,319
1. Issued capital			92,319
II. Share premium			5
III. Reserves			580,455
1. Legal and statutory reserves			18,464
2. Other reserves			561,991
IV. Own shares and own equity holdings			0
V. Retained earnings (prior-year losses)			0
VI. Other owner contributions			0
VII. Profit for the year			58,101
VIII. Interim dividend			0
IX. Other equity instruments			0
A.2) VALUATION ADJUSTMENTS			0
B) NON-CURRENT LIABILITIES			821,621
I. Non-current provisions	14		17,906
1. Non-current employee benefit obligations			2,458
4. Other provisions			15,448
II. Non-current borrowings	9		298,934
2. Bank borrowings	13		291,963
4. Derivatives	9		2,459
5. Other financial liabilities			4,512
III. Non-current borrowings from group companies and associates	17		459,477
IV. Deferred tax liabilities	15		45,304
C) CURRENT LIABILITIES			85,022
III. Current borrowings:	9		50,287
2. Bank borrowings	13		50,074
5. Other financial liabilities			213
IV. Current borrowings from group companies and associates	17		29,606
V. Trade and other accounts payable:	9		5,129
1. Trade payables			481
2. Trade payables, group companies and associates			112
4. Employee benefits payable			4,029
6. Other payables to public authorities	15		507
TOTAL EQUITY AND LIABILITIES			1,637,523
			1,650,679

The accompanying notes 1 to 20 are an integral part of the balance sheet at December 31, 2017.

EBRO FOODS, S.A.			
INCOME STATEMENT FOR THE YEARS ENDED			
DECEMBER 31, 2017 AND 2016			
Thousands of euros	Note	2017	2016
<u>CONTINUING OPERATIONS</u>			
Revenue		78,345	19,545
Revenue from services rendered		5,188	5,111
Dividends from group companies and associates	8 & 17	73,146	14,432
Finance income from group companies	17	11	2
Other operating income		4,220	3,855
Ancillary and other operating income		4,220	3,855
Employee benefits expense		(11,898)	(11,146)
Wages, salaries and similar		(9,774)	(9,305)
Employee benefits		(1,156)	(1,171)
Termination benefits		0	(181)
Provisions		(968)	(489)
Other operating expenses		(7,484)	(9,899)
External services		(7,135)	(6,856)
Taxes other than income tax		(349)	(543)
Other operating expenses	14	0	(2,500)
Depreciation and amortization	5, 6 & 7	(1,290)	(1,238)
Impairment of and gains/(losses) on disposal of fixed assets		1,398	13,287
Gains/(losses) on disposals	5, 6 & 7	1,398	13,287
OPERATING PROFIT		63,291	14,404
Finance income		819	865
From marketable securities and other financial instruments:			
Third parties		819	865
Finance costs		(10,219)	(8,435)
Borrowings from group companies and associates	17	(4,866)	(4,152)
Third-party borrowings		(5,353)	(4,283)
Change in fair value of financial instruments		(950)	1,290
Held-for-trading portfolio and other securities	9	(950)	1,290
Net exchange gains/(losses)	9	3,507	(304)
Impairment of and gains/(losses) on disposal of financial assets		2,387	7,258
Impairment and write-downs	8	2,387	6,749
Gains/(losses) on disposals	9	0	509
NET FINANCE INCOME/(COST)		(4,456)	674
PROFIT BEFORE TAX		58,835	15,078
Income tax	15	(734)	(1,696)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		58,101	13,382
<u>DISCONTINUED OPERATIONS</u>			
Profit/(loss) for the year from discontinued operations, net of income tax		0	0
PROFIT FOR THE YEAR		58,101	13,382

The accompanying notes 1 to 20 are an integral part of the income statement for the year ended December 31, 2017.

EBRO FOODS, S.A. STATEMENT OF RECOGNIZED INCOME AND EXPENSE FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016			
Thousands of euros		<u>Note</u>	<u>2017</u>
			<u>2016</u>
A) Profit as per income statement			58,101
Income and expense recognized directly in equity			
I. Measurement of financial instruments			
1. Available-for-sale financial assets	9	0	169
2. Other income/expense			
II. Cash flow hedges			
III. Grants, donations and bequests received			
IV. Actuarial gains and losses and other adjustments			
V. Tax effect		0	(42)
B) Total income and expense recognized directly in equity			0
Amounts reclassified to profit or loss			
VI. Measurement of financial instruments			
1. Available-for-sale financial assets	9	0	(509)
2. Other income/expense			
VII. Cash flow hedges			
VIII. Grants, donations and bequests received			
IX. Tax effect		0	127
C) Total amounts reclassified to profit or loss			0
TOTAL RECOGNIZED INCOME AND EXPENSE (A + B + C)			58,101
			13,127

The accompanying notes 1 to 20 are an integral part of the statement of recognized income and expense for the year ended December 31, 2017.

EBRO FOODS, S.A.
STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS
ENDED DECEMBRE 31, 2017 AND 2016

Thousands of euros	Capital	Share premium	Reserves	Own shares	Retained earnings	Profit for the year	Interim dividend	Other equity instruments	Valuation adjustments reserve	Grants, donations and bequests received	TOTAL
OPENING BALANCE AT DEC. 31, 2015	92,319	5	714,647	0	0	23,220	0	0	255	0	830,446
I. Restatements for changes in accounting criteria											0
II. Restatements for prior-year errors											0
RESTATED BALANCE AT JAN. 1, 2016	92,319	5	714,647	0	0	23,220	0	0	255	0	830,446
I. Total recognized income and expense						13,382			(255)		13,127
II. Transactions with shareholders and owners:	0	0	(59,866)	0	0	(23,220)	0	0	0	0	(83,086)
- Dividend distribution			(83,086)								(83,086)
- Transactions with own shares (net)											0
- Other transactions with shareholders			23,220			(23,220)					0
III. Other changes in equity											0
CLOSING BALANCE AT DEC. 31, 2016	92,319	5	654,781	0	0	13,382	0	0	0	0	760,487
I. Restatements for changes in accounting criteria											0
II. Restatements for prior-year errors											0
RESTATED BALANCE AT JAN. 1, 2017	92,319	5	654,781	0	0	13,382	0	0	0	0	760,487
I. Total recognized income and expense						58,101			0		58,101
II. Transactions with shareholders and owners:	0	0	(74,326)	0	0	(13,382)	0	0	0	0	(87,708)
- Dividend distribution			(87,703)								(87,703)
- Transactions with own shares (net)			(5)								(5)
- Other transactions with shareholders			13,382			(13,382)					0
III. Other changes in equity											0
CLOSING BALANCE AT DEC. 31, 2017	92,319	5	580,455	0	0	58,101	0	0	0	0	730,880

The accompanying notes 1 to 20 are an integral part of the statement of total changes in equity for the year ended December 31, 2017.

EBRO FOODS, S.A.			
STATEMENT OF CASH FLOWS FOR THE YEARS			
ENDED DECEMBER 31, 2017 AND 2016			
Thousands of euros			
	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		48,488	1,225
1. Profit/(loss) for the year before tax		58,835	15,078
2. Adjustments for non-cash income and expenses:		(67,841)	(26,783)
a) Depreciation and amortization (+)	5, 6 & 7	1,290	1,238
b) Impairment charges (+/-)	8	(2,387)	(6,749)
c) Changes in provisions (+/-)	14	968	374
e) Gains (losses) on derecognition and disposal of fixed assets (+/-)	6 & 7	(1,398)	(13,287)
f) Gains (losses) on derecognition and disposal of financial instruments (+/-)	8	0	(509)
g) Finance income (-)		(830)	(867)
h) Finance costs (+)		11,169	7,145
i) Exchange differences (+/-)	9.1	(3,507)	304
k) Other income and expenses (+/-)		(73,146)	(14,432)
3. Changes in working capital		(2,318)	(2,136)
b) Trade and other accounts receivable (+/-)		(1,077)	494
c) Other current assets (+/-)		0	(999)
d) Trade and other payables (+/-)		(1,241)	(1,631)
4. Other cash flows from operating activities		59,812	15,066
a) Interest paid (-)		(6,984)	(7,455)
b) Dividends received (+)		73,146	14,682
d) Income tax receipts (payments) (+/-)		(6,350)	7,839
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(12,244)	4,199
6. Payments for investments (-)		(16,500)	(25,096)
a) Group companies and associates		(16,500)	(18,393)
b) Intangible assets		0	(56)
c) Property, plant and equipment	6	0	(428)
e) Other financial assets		0	(6,219)
7. Proceeds from disposals (+)		4,256	29,295
a) Group companies and associates		0	995
b) Intangible assets		1,700	2,243
d) Investment properties		1,806	20,588
e) Other financial assets		750	5,469
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(37,697)	(1,506)
9. Proceeds from and payments for equity instruments		(537)	(505)
c) Acquisition of own equity instruments (-)		(1,035)	(544)
d) Disposal of own equity instruments (+)		498	39
10. Proceeds from and repayment of financial liabilities		50,543	82,085
a) Issuance of:		155,150	209,852
2. Bank borrowings (+)		37,721	161,986
3. Borrowings from group companies and associates (+)		117,429	47,866
b) Repayment and amortization of:		(104,607)	(127,767)
2. Bank borrowings (-)		(86,073)	(95,754)
3. Borrowings from group companies and associates (-)		(18,534)	(31,013)
4. Other borrowings (-)		0	(1,000)
11. Dividends and payments on other equity instruments		(87,703)	(83,086)
a) Dividends (-)		(87,703)	(83,086)
b) Payments on other equity instruments (-)		0	0
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		(150)	(113)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,603)	3,805
Cash and cash equivalents, opening balance		5,207	1,402
Cash and cash equivalents, closing balance		3,604	5,207

The accompanying notes 1 to 20 are an integral part of the statement of cash flows for the year ended December 31, 2017.

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

1. CORPORATE INFORMATION

Ebro Foods, S.A., a Spanish public limited company (*sociedad anónima*), hereinafter, the Company, was created by the merger by absorption of Puleva S.A. into Azucarera Ebro Agrícolas S.A. on January 1, 2001. On the occasion of that transaction, Azucarera Ebro Agrícolas, S.A.'s name was changed to Ebro Puleva, S.A. Later, at the Annual General Meeting of June 1, 2010, its registered name was changed again to its current name: Ebro Foods, S.A.

The Company's current registered office is in Madrid (28046), at Paseo de la Castellana, 20. The Company's corporate object is to perform the following business activities in Spanish and foreign markets:

- a) The production, preparation, sale, research, export and import of all manner of food and dietary products for both human and animal consumption, in addition to energy food products, including their by-products and waste, and, in particular, rice, pasta, sauces and all manner of nutritional products.
- b) The production, exploitation and sale of all manner of food, soft and alcoholic beverages.
- c) The use of by-products and the provision of services or products of all types relating to the aforementioned activities, including refrigeration cabinets, ice, industrial gas, steam, cold and energy.
- d) The acquisition, lease, creation, installation, development and management of industrial, farming and livestock facilities in the food, nutrition and beverage (including alcohol) industries.
- e) The performance of projects and installation work and the provision of all manner of technical assistance to other companies in the aforementioned industries; the creation, development, protection and use of patents, trademarks and other assets susceptible to intellectual property protection.
- f) Staff training, computer programming or management, investment and monetization of resources, advertising and image, transport, distribution and sale and marketing activities that are ancillary or complementary to the aforementioned activities.

The activities comprising the Group's corporate object may be carried on through the subscription or acquisition of shares or other equity interests in companies with an identical or similar corporate purpose.

Ebro Foods, S.A. is the parent of a consolidated group comprising it and its subsidiaries and associates with which it has separately presented consolidated financial statements for 2017, which were authorized for issue by the Board of Directors of Ebro Foods, S.A. on March 21, 2018. The 2016 consolidated financial statements were approved at the Annual General Meeting held by Ebro Foods, S.A. on June 1, 2017 and duly filed with Madrid's Companies Register.

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

This fact should be taken into consideration in assessing the working capital position typical of year-end in the separate annual financial statements of Ebro Foods, S.A., which, as the Group's parent company, has the option of financing itself via dividends and additional bank financing, among other alternatives.

The key figures contained in the 2017 and 2016 consolidated financial statements, which were drawn up in accordance with Final Provision Eleven of Spanish Law 62/2003, of December 30, 2003, under the International Financial Reporting Standards approved by the European Commission, are replicated below:

Thousands of euros	At year-end 2016		At year-end 2017	
Total assets		3,645,803		3,660,700
Equity:		2,106,401		2,121,925
- Attributable to equity holders of the parent	2,079,326		2,074,637	
- Attributable to non-controlling interests	27,075		47,288	
Revenue		2,459,246		2,506,969
Profit for the year:		175,819		229,974
- Attributable to equity holders of the parent	169,724		220,600	
- Attributable to non-controlling interests	6,095		9,374	

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The figures provided in these financial statements are presented in thousands of euros, unless otherwise indicated.

Financial reporting framework applicable to the Company

The accompanying financial statements were authorized for issue by the directors in keeping with the financial reporting regulatory framework applicable to Company, namely:

- a) Spain's Code of Commerce and other company law
- b) Spain's General Accounting Plan, enacted by Royal Decree 1514/2007, as amended in 2016 by Royal Decree 602/2016, and other prevailing company law
- c) The binding rules issued by the ICAC (acronym in Spanish for the Audit and Accounting Institute) enacting the General Accounting Plan and its complementary rules and regulations
- d) Other applicable Spanish accounting regulations

Fair presentation

The accompanying financial statements were prepared from the Company's accounting records in keeping with the prevailing applicable financial reporting framework and, specifically, the accounting principles and criteria contained therein, to present fairly the Company's equity and financial position at year-end and financial performance and cash flows during the year.

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

These financial statements have been authorized for issue by the Company's directors and will be submitted for shareholder approval at the Annual General Meeting at which they are expected to be ratified without modification. The 2016 financial statements were approved at the Annual General Meeting held on June 1, 2017.

Comparative information

The information provided in these financial statements in respect of 2016 is presented to enable a reader comparison with the equivalent 2017 figures.

Critical issues regarding the measurement and estimation of uncertainty

The directors have prepared the Company's financial statements using estimates based on historical experience and other factors considered reasonable under the circumstances. The carrying amounts of assets and liabilities that are not readily apparent from other sources were established on the basis of these estimates. The Company reviews these estimates continually. However, given the uncertainty inherent in these estimates, there is a considerable risk that the carrying amounts of affected assets and liabilities may have to be significantly adjusted in the future should material changes occur in the assumptions, events or circumstances on which they were based.

In addition to other relevant information regarding the estimation of uncertainty at the reporting date, the key assumptions regarding the future that imply a considerable risk that the carrying amounts of assets and liabilities may require material adjustment in the next financial year, are as follows:

Taxation

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period from the date of presentation of the respective returns has elapsed. The directors believe that no significant additional tax liabilities would arise for the Company in the event of a tax inspection (note 15).

Impairment of non-financial assets

Until December 31, 2015, the Company used to test its non-financial assets for signs of impairment annually. Specifically, indefinite-lived intangible were tested for impairment at least annually.

Since January 1, 2016, as provided for in Spanish Royal Decree 602/2016, which introduces a change in the criteria applicable to amortization of intangible assets, these assets are now subject to amortization on a straight-line basis over a 10-year period. Irrespective of the new amortization regime, these intangible assets are tested for signs of impairment annually, along with the rest of the Company's non-financial assets.

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

Deferred tax assets

Deferred tax assets are recognized on the basis of the Company's estimates regarding the probability of occurrence and level of future taxable profits (note 15).

Provisions

The Company recognizes provisions for liabilities in keeping with the accounting policy outlined in note 4.n below. The Company has made judgments and estimates as to the likelihood that the provisioned liabilities will materialize, as well as the corresponding amounts, and has recognized provisions when the liability is deemed probable, estimating the cost that would be generated by the obligating event (note 14).

Although these estimates were made on the basis of the best information available at year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

Transactions concluded in 2017 that affect the basis of presentation

The Company did not undertake any transactions in 2017 that affect the presentation or comparability of these financial statements. The transactions undertaken in prior years requiring specific disclosures in subsequent reporting periods are outlined below:

- a) Merger by absorption of Productos La Fallera, S.A.:
See the 2003 financial statements.
- b) Dissolution of Azucarera Ebro Agrícolas Gestión de Patrimonio, S.L. (GDP) transferring all of its assets and liabilities to Ebro Foods, S.A.:
See the 2003 financial statements.
- c) Non-monetary contribution to Ebro Financial Corporate Services S.L.:
See the 2012 financial statements.
- d) Liquidation of Azucarera Energías, S.A. in December 2015:
See the 2015 financial statements.

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

3. APPROPRIATION OF PROFIT

	Amount (thousands of euros)
<u>Basis of appropriation</u>	
Unrestricted reserves	558,823
Profit for the year (as per income statement)	<u>58,101</u>
	<u>616,924</u>

The distribution of profit proposed by the directors of Ebro Foods, S.A. at a meeting of the Board of Directors held on December 21, 2017 for submission for ratification at the upcoming Annual General Meeting is as follows:

The profit generated by the Ebro Foods Group in 2017 makes it possible, as in prior years, to propose the payment of a cash dividend, with a charge against unrestricted reserves and profit for the year, of 0.57 euros per share, payable in the course of 2018, in a total amount of 87,703 thousand euros.

The dividend will be paid out in three equal instalments of 0.19 euros per share on April 3, June 29 and October 1, 2018.

Limitations on the distribution of dividends

The Company is obliged to transfer 10% of profit for the year to a legal reserve until this reserve reaches an amount equal to at least 20% of share capital. This reserve cannot be distributed to shareholders (note 12.c) unless it exceeds and only in the amount by which it exceeds this 20% threshold.

Once the legal and bylaw-stipulated requirements have been met, dividends may be distributed against profit for the year or freely distributable reserves so long as the value of equity is not lower than or would not fall below share capital as a result of the distribution. For these purposes, any profit recognized directly in equity may not be distributed either directly or indirectly. If prior-year losses were to reduce the Company's equity to below the amount of share capital, profit would have to be allocated to offset these losses.

4. RECOGNITION AND MEASUREMENT STANDARDS

a) Intangible assets

Intangible assets are initially measured at either acquisition or production cost. The cost of intangible assets acquired in a business combination is their acquisition-date fair value.

Following initial measurement, they are stated at cost less accumulated amortization and any impairment losses.

Intangible assets are assets with a finite useful life and are therefore amortized on a straight-line basis as a function of their estimated useful life and residual value. Amortization methods and periods are reviewed at the end of each reporting period, and adjusted prospectively where applicable.

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

Intangible assets are tested for impairment at least at each financial year-end and any impairment is recognized. Patents, licenses and trademarks are amortized on a straight-line basis over their useful lives, generally 10 years, while computer software is amortized over an estimated useful life of four years.

b) Property, plant and equipment

Items of property, plant and equipment are initially recognized at either acquisition or production cost. The cost of property, plant and equipment acquired in a business combination is the fair value of the assets at the acquisition date. Following initial recognition, they are carried at cost less accumulated depreciation and any impairment losses.

The cost of assets acquired or produced since January 1, 2008 that require more than one year to ready for use (qualifying assets) includes borrowing costs accrued prior to putting the assets to use whenever these expenses meet the capitalization requirements.

Property, plant, and equipment likewise includes the initial estimate of the present value of asset dismantling or retirement obligations and other associated costs, such as the cost of restoring assets, when these obligations trigger the recognition of provisions.

Expenses for repairs that do not prolong the useful life of the assets, as well as maintenance expenses, are taken to the statement of profit or loss in the year incurred. Expenses incurred for expansion or improvements that increase the productivity or prolong the useful life of these assets are capitalized as an increase in the carrying amount of the item.

Depreciation charges are recognized in the income statement. Assets are depreciated from when they are ready for their intended use.

Items of property, plant and equipment are depreciated on a straight-line basis over their respective estimated useful lives, taking into consideration actual depreciation sustained through operation, usage and wear and tear, as follows:

Depreciation rates	
Buildings	2.0% to 3.0%
Machinery, plant and tools	2.0% to 8.0%
Furniture and other fixtures	10.0% to 25.0%
Vehicles	5.5% to 16.0%

The Company reviews its material assets' residual values, useful lives and depreciation methods at each year-end and adjusts them prospectively where applicable.

c) Investment properties

Investment properties comprise land and buildings that are leased to third parties or not being used for operating purposes. Buildings so classified are depreciated on a straight-line basis over an estimated useful life of 50 years.

The measurement criteria applicable to property, plant and equipment apply in full to investment properties. Transfers are made to (or from) investment property only when there is a change in use.

d) Exchanges of assets

Assets acquired in exchange for other assets are analyzed individually to determine whether the related transaction has commercial substance.

When the transaction has commercial substance, the asset received is measured at the fair value of the asset given up, plus any monetary compensation where applicable, except for transactions for which the evidence supporting the fair value of the asset received is better, in which case this measurement is taken. Any valuation differences arising upon the derecognition of the asset given up are recognized in the income statement.

When the exchange does not have commercial substance or when the fair value of the assets exchanged cannot be reliably measured, the asset received is measured at the carrying amount of the asset given up, plus monetary consideration given, if any.

e) Impairment of non-current and non-financial assets

The Company assesses whether there is any indication that a non-current, financial asset or cash-generating unit may be impaired at least at each reporting date. If there is any indication of impairment, the asset's recoverable amount is estimated.

The recoverable amount is the higher of fair value less costs to sell and value in use. When the carrying amount exceeds the recoverable amount, the asset is considered impaired.

Value in use is the present value of expected future cash flows, discounted using risk-free market rates, adjusted for the risks specific to the asset. For those assets that do not generate cash flows that are largely independent of those of other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the assets belong.

Impairment losses and any subsequent reversals are recognized in the statement of profit or loss. Impairment losses are reversed only if the circumstances giving rise to them have ceased to exist. Goodwill impairment losses are not reversed. Any such reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset.

f) Leases

Leases are classified as finance leases when, based on the economic terms of the arrangement, substantially all the risks and rewards incidental to ownership of the leased item are transferred to the lessee. All other lease arrangements are classified as operating leases.

Company as lessee

Assets acquired under finance leases are classified as appropriate within property, plant and equipment and are measured at the lower of the fair value of the leased property and the present value of the minimum lease payments; a corresponding financial liability is recognized in the same amount. Lease payments are apportioned between finance charges and reduction of the lease liability. Leased assets are depreciated, impaired, and derecognized using the same criteria as apply to owned assets of a similar nature.

Operating lease payments are expensed in the income statement as they accrue.

Company as lessor

Rental income from operating leases is recognized in the income statement as accrued. Direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and are expensed over the term of the lease using the same criteria as are used to recognize lease income.

g) Financial assets

1) Classification and measurement

1.1) Loans and receivables

The Company recognizes trade and non-trade receivables in this category, which includes financial assets with fixed or determinable payments not quoted on active markets that it expects to recover in full, other than because of credit impairment.

Upon initial recognition in the balance sheet, these investments are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, deemed equivalent to the fair value of the consideration paid plus directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortized cost.

Nevertheless, trade receivables that mature within less than one year from the reporting date with no contractual interest rate, as well as advances, loans to employees, deposits, dividends receivable and called-up payments on equity instruments, the amount of which is expected to be realized in the short term, are carried at their nominal value both upon initial and subsequent measurement when the effect of not discounting the cash flows is not material.

1.2) Held-to-maturity investments

Held-to-maturity investments include debt instruments with fixed maturities and fixed or determinable payments traded on active markets which the Company has the positive intention and the ability to hold to maturity.

Upon initial recognition in the balance sheet, these investments are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, deemed equivalent to the fair value of the consideration paid plus directly attributable transaction costs.

Subsequent to initial recognition, these financial assets are measured at amortized cost.

1.3) Equity investments in group companies, jointly-controlled entities and associates

This category includes investments in entities over which the Company exercises control, joint control under bylaw stipulations or by contractual arrangement, or has significant influence. These investments are initially measured on the balance sheet at fair value, which is equivalent, absent indications to the contrary, to the transaction price, which is the fair value of the consideration given plus directly attributable costs, except in relation to non-monetary contributions to a group company in exchange for a business, in which instance the investment is measured at the carrying amount of the assets and liabilities comprising the business. The initially-recognized amount of an equity investment includes preferential subscription and similar rights acquired.

Subsequent to initial recognition, these financial assets are measured at cost, less any accumulated impairment losses.

When an investment is newly classified as an investment in a group company, jointly controlled entity or associate, cost is deemed to be the investment's recognized carrying amount; previously-recognized unrealized valuation adjustments are left in equity until the investment is either sold or impaired.

Where preferential subscription or similar rights are sold or separated for the purpose of exercising them, the cost of these rights decreases the carrying amount of the respective assets.

In the case of equity investments in group companies that give control over the subsidiary, the fees paid to legal advisors and other professionals in connection with the acquisition have been recognized directly in the income statement since January 1, 2010.

1.4) Financial assets held for trading

This category includes financial assets created or acquired for the purpose of obtaining a profit in the short term. This category also includes derivative financial instruments that have not been designated as hedging instruments.

They are initially recognized at fair value which is equivalent to their transaction price, barring evidence to the contrary. Transaction costs that are directly attributable to their issuance are recognized in profit or loss.

The initially-recognized amount of an equity investment includes preferential subscription and similar rights acquired.

Subsequent to initial recognition, financial assets held for trading are carried at fair value without any deduction for transaction costs that may be incurred on sale or other disposal. Changes in fair value are recognized in profit or loss.

1.5) Available-for-sale financial assets

This category includes debt securities and equity instruments that have not been classified in any of the preceding categories.

Upon initial recognition in the balance sheet, these investments are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, deemed equivalent to the fair value of the consideration paid plus directly attributable transaction costs. The initially-recognized amount of an equity investment includes preferential subscription and similar rights acquired.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes in fair value are recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously deferred in equity is taken to the income statement. However, foreign exchange gains and losses on monetary assets denominated in foreign currency are recognized in the income statement.

Equity instruments whose fair value cannot be reliably determined are measured at cost, less any cumulative impairment.

Where preferential subscription or similar rights are sold or separated for the purpose of exercising them, the cost of these rights decreases the carrying amount of the respective assets.

1.6) Hedging derivatives

These are derivatives that qualify for hedge accounting.

Financial instruments that have been designated as hedging instruments or hedged items are measured as described in note 4.j below.

2) Derecognition

Financial assets are derecognized when the contractual rights to the related cash flows have expired or when the assets have been transferred, provided that the risks and rewards incidental to ownership have been substantially transferred.

If the Company has neither substantially transferred nor retained the risks and rewards incidental to ownership of the financial asset, it is derecognized when control over the asset is relinquished. If control over the asset is retained, the Company continues to recognize it to the extent to which it is exposed to changes in the value of the transferred asset, i.e. to the extent of its continuing involvement, recognizing the associated liability as well.

The difference between the consideration received, net of attributable transaction costs, including any new financial asset obtained less any liability assumed, and the carrying amount of the asset transferred, plus any cumulative gain or loss recognized directly in equity, determines the gain or loss generated upon derecognition, and is included in the income statement for the year to which it relates.

The Company does not derecognize financial assets in respect of the sale of financial assets in which it has retained substantially the risks and rewards incidental to ownership, such as discounted bills, recourse factoring, disposals of financial assets under repurchase agreements at fixed prices or at the sale price plus interest, and securitizations of financial assets in which it retains subordinate financing or other types of guarantees which substantially absorb estimated losses. In these instances, it recognizes a financial liability at an amount equal to the consideration received.

3) Interest and dividend income generated by financial assets

Interest and dividends accrued on financial assets subsequent to their acquisition are recognized as income; specifically, dividends and finance income received from group companies are classified as revenue in the income statement. Interest is recognized using the effective interest rate method; dividends are recognized when the right to receive them is established.

To this end, financial assets are recognized separately upon initial measurement based on maturity, accrued explicit interest receivable at that date, and the dividends approved by the competent governing body up to the date the assets are acquired. Explicit interest refers to the contractual interest rate applied to the financial instrument.

In addition, when distributed dividends are derived unmistakably from profit generated prior to the date of acquisition, based on the conclusion that the amounts distributed exceed the profit generated by the investee since acquisition, the dividends are not recognized as revenue but rather as a decrease in the carrying amount of the investment.

h) Impairment of financial assets

The carrying amount of financial assets is adjusted against profit and loss when there is objective evidence of an impairment loss.

To determine whether its financial assets may be impaired, the Company tests individual assets and portfolios of assets with similar risk traits for impairment.

Debt instruments

There is objective evidence that debt instruments (receivables, loans and debt securities) are impaired when an event has occurred after the initial recognition of the instrument that has an adverse impact on the related estimated future cash flows.

The Company designates debt instruments as impaired assets (doubtful exposures) when there is objective evidence of impairment, which refers basically to the existence of unpaid balances, contractual breaches, refinancing activity and/or other information evidencing the possibility that the total agreed-upon cash flows will not be collected on time, or at all.

For financial assets measured at amortized cost, impairment loss is measured as the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the effective rate of interest prevailing upon initial recognition. For financial assets with floating interest rates, the effective interest rate at the reporting date is used.

For trade and other receivables, the Company considers balances past due by more than six months for which collection is uncertain, as well as balances owed by counterparties that have filed for creditor protection, to be doubtful assets.

Market value is used instead of the present value of estimated future cash flows in the case of quoted instruments, provided that this is considered a sufficiently reliable proxy for fair value.

The reversal of an impairment loss is recognized in the statement of profit or loss. Such reversal is limited to the carrying amount of the financial asset that would have been recognized on the reversal date had no impairment loss been recognized.

Equity instruments

There is objective evidence that equity instruments are impaired when one or more events have occurred after initial recognition that indicate that the cost of the investment in equity instruments may not be recovered due to a prolonged or significant decline in their fair value. Specifically, the Company considers that its equity instruments are impaired when their quoted value has decreased by 40% or for 18 months without having recovered their initial value.

In the case of equity instruments measured at fair value and included in the available-for-sale financial asset portfolio, impairment losses are measured at the difference between acquisition cost and fair value, less any previously recognized impairment losses. Unrealized capital losses deferred in equity are recognized immediately in profit or loss whenever it is deemed that such losses reflect a decline in fair value resulting from impairment. In the case of available-for-sale equity instruments, impairment losses give rise to a new cost basis for the impaired asset that provides the benchmark going forward for determining whether the investment has sustained additional permanent impairment and recognizing the related impairment losses. If, in a subsequent period, impairment losses are partially or totally reversed, a valuation adjustment is recognized for the related amount in equity.

In the case of equity instruments measured at cost and included in 'Available-for-sale financial assets' and 'Investments in group companies and associates', impairment loss is measured as the difference between the carrying amount of the financial asset and the recoverable amount, which is the greater of the asset's fair value less costs to sell and the present value of future cash flows derived from the investment. Unless better evidence is available, impairment of this type of asset is estimated based on the investee's equity adjusted for any unrealized capital gains existing on the measurement date. Impairment losses are recognized in the income statement and offset directly against the equity instrument.

For investments in group companies and associates, the reversal of an impairment loss is recognized in the income statement and is limited to the carrying amount of the investment that would have been recognized on the reversal date had the original impairment not occurred; an impairment loss recognized in previous years on available-for-sale financial assets measured at cost cannot be reversed.

i) Financial liabilities

1) Classification and measurement

1.1) Debts and payables (financial liabilities at amortized cost)

These instruments include financial liabilities generated by the purchase of goods and services in the ordinary course of the Company's business and non-trade payables that are not derivative instruments.

Upon initial recognition, they are recognized at fair value, which, barring evidence to the contrary, is the transaction price, deemed equivalent to the fair value of the consideration received, adjusted by directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortized cost. Accrued interest is recognized in the income statement using the effective interest rate method.

Nevertheless, trade payables that mature within less than one year with no contractual interest rate, as well as called-up payments on shares, payment of which is scheduled in the short term, are carried at their nominal value when the effect of not discounting the cash flows is not significant.

1.2) Financial liabilities held for trading:

This category includes financial liabilities issued with the intention of buying them back in the near term and derivative instruments that have not been designated as hedging instruments. These financial assets are recognized and measured using the same criteria as apply to financial assets held for trading.

1.3) Hedging derivatives

These are derivatives that qualify for hedge accounting. Financial instruments that have been designated as hedging instruments or hedged items are measured as described in note 4.j below.

2) Derecognition

The Company derecognizes a financial liability when the obligation under the liability is extinguished.

When debt instruments are exchanged, insofar as their contractual terms are substantially different, the original financial liability is derecognized and the new financial liability is recognized. Financial liabilities whose contractual terms are substantially modified are treated in the same manner.

The difference between the fair value of the derecognized financial liability (or part thereof) and the consideration paid, including any attributable transaction costs, and including any asset sold other than cash or liability assumed, is recognized in profit or loss in the year to which it relates.

When debt instruments are exchanged for other instruments whose contractual terms are not substantially different, the original financial liability is not derecognized and the commissions paid are recognized as a correction to the carrying amount. The new amortized cost of the financial liability is determined by applying the effective interest rate, namely that which equates the carrying amount of the financial liability on the modification date to the cash flows to be paid as per the new terms.

j) Hedge accounting

The Company typically arranges fair value hedges in respect of its foreign currency-denominated accounts receivable and cash flow hedges on loans arranged at floating rates and also hedges its net investments in its US subsidiaries.

Transactions are only designated as hedges when they effectively eliminate any risk inherent to the hedged item or position throughout the duration of the hedge, which means that the hedging item must be deemed highly effective at the inception of the contract (prospective effectiveness) and there must be sufficient evidence that the hedge has been effective throughout the life of the hedge (retrospective effectiveness).

The Company adequately documents its hedges, including how they are intended to achieve and measure effectiveness under current risk management policies.

To test its hedges for effectiveness, the Company verifies the actual results of the hedge, i.e., that the changes in the cash flows of the hedged item are offset by changes in the cash flows of its hedging instrument within a range of 80% and 125% throughout the life of the hedge, effectively delivering the forecasts established at inception.

If this correlation ceases to hold at any time, hedge accounting is discontinued and the hedges are reclassified as trading derivatives.

For measurement purposes, the Company classifies its hedges into three categories:

- Fair value hedges: These arrangements hedge the risk of variations in the fair value of accounts receivable as a result of changes in exchange rates. The changes generated by exchange differences in respect of both the hedging instrument and the hedged item are recognized in profit or loss.
- Cash flow hedges: These instruments hedge the risk of variations in cash flows attributable to changes in the interest rates borne on loans taken on. The Company uses interest rate swaps to exchange floating for fixed rates. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized temporarily in equity; the cumulative gain or loss is reclassified to profit or loss in the year or years in which the hedged transaction affects profit or loss.
- Hedges of net investments in foreign operations: These instruments hedge the foreign currency risk associated with the Company's net investments in its US subsidiaries. These hedges take the form of the dollar-denominated loans used to finance the acquisition of these businesses. The exchange gains and losses arising on both the hedging instrument and the US investments are recognized in profit or loss.

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k) Own shares

Own shares are recognized at the amount of consideration delivered; they are recognized in equity (as a deduction) when they are acquired and no gain or loss is recognized in the income statement when they are sold or cancelled. The costs incurred to trade in own shares are recognized directly in equity as a deduction from reserves.

l) Cash and cash equivalents

This heading includes cash, current accounts, short-term deposits and purchases of assets under resale agreements that meet the following criteria:

- They are readily convertible to cash
- They mature within less than three months from the acquisition date
- The risk of change in value is insignificant
- They are part of the Company's standard cash management strategy

For cash flow statement purposes, occasional bank overdrafts used as part of the Company's cash management strategy are recognized as a decrease in cash and cash equivalents.

m) Grants

Grants are classified as non-repayable once the terms attaching to their award have been met. They are recognized directly in equity, net of the corresponding tax effect.

Repayable grants are recognized as liabilities by the Company until deemed non-repayable; no income is recorded until that point.

Grants received to finance specific expenses are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate. Grants received to acquire property, plant and equipment are released to income in proportion to the related depreciation charges.

n) Provisions and contingencies

Provisions are recognized on the balance sheet when the Company has a present obligation (legal or constructive, explicit or implicit) arising from past events, settlement of which is expected to result in an outflow of resources embodying economic benefits that can be measured reliably.

Provisions are measured at the present value of the best possible estimate of the amount needed to cancel the obligation or transfer it to a third party, recognizing the increase in the carrying amount of the provision due to the passage of time as borrowing cost. Provisions due to be settled within twelve months are not discounted if the impact of not doing so is not material. Provisions are reviewed at each reporting date and adjusted to reflect the best estimate of the liability at each review date.

o) Non-current employee benefit liabilities

Under the prevailing collective bargaining agreements and other non-binding agreements, the Company is obliged to make annual supplementary payments of various kinds and other bonuses for long service and retirement, where applicable, to its permanent employees upon retirement at the legally stipulated age or early retirement. At present, the Company only has these commitments with some of its current employees.

The provision recognized for long-service bonuses represents the present value, calculated using actuarial studies performed by independent experts, of the potential future payments to these employees.

The post-employment and similar obligations have been externalized as stipulated under prevailing legislation. Since externalizing this obligation, the Company is committed to making annual contributions to the externalized pension fund in an estimated amount that is not material in respect of the universe of employees affected.

In addition, the Company grants its employees certain voluntary retirement bonuses of undetermined amount. These bonuses, which are scanty material, are recognized as an expense when they are paid.

p) Income tax

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year, less any applicable tax credits, taking into account changes during the year in recognized deferred tax assets and liabilities. The corresponding tax expense is recognized in the income statement, except when it relates to transactions recognized directly in equity, in which case it is likewise recognized in equity, and when it relates to business combinations, in which case it is recognized with a charge or credit to goodwill.

Deferred income tax is recognized using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes.

The tax effect of temporary differences is included in 'Deferred tax assets' or 'Deferred tax liabilities' on the balance sheet, as applicable.

The Company recognizes deferred tax liabilities in respect of all taxable temporary differences, except as stipulated in prevailing legislation.

The Company recognizes deferred tax assets for all deductible temporary differences and the carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, except as disallowed under prevailing legislation.

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At each reporting date, the Company reassesses recognized and unrecognized deferred taxes. Based on the outcome of this assessment, the Company derecognizes a previously recognized deferred tax asset if its recovery is no longer deemed probable, and recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate expected to apply in the period in which they reverse, as required by enacted tax laws, and in the manner in which it reasonably expects to recover or settle the deferred tax asset or liability, respectively.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

q) Distinction between current and non-current

A distinction is made between current and non-current assets and liabilities in the balance sheet. An item is classified as current if it is associated with the Company's normal operating cycle and its realization, sale or consumption is expected to occur within this cycle; falling beyond this scope, if its realization is expected to occur within twelve months of the reporting period; if it is held primarily for the purpose of trading; or if it is cash or a cash equivalent, so long as its use is not restricted for more than one year.

r) Income and expense

Revenue and expenses are recognized on an accruals basis, regardless of when actual payment or collection occurs.

Revenue from sales of goods and rendering of services

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any discounts, price reductions or similar promotions the Company may grant, and, where relevant, net of the interest income arising from sales financing granted. Applicable indirect taxes on transactions which are reimbursed by third parties are not included.

Revenue is recognized based on the economic substance of the transaction and only when all of the following prerequisites have been met:

- a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods (regardless of when they are legally transferred)
- b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- c) The amount of revenue can be measured reliably

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- d) It is probable that the economic benefits associated with the transaction will flow to the Company; and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably

s) Discontinued operations

The income and expenses of discontinued operations are included in a single line item, net of the corresponding tax effect, under 'Profit/(loss) for the year from discontinued operations, net of income tax'. This heading also includes the after-tax gain or loss recognized upon measuring the assets or disposal groups constituting the discontinued operation at fair value less costs to sell.

t) Foreign currency transactions

The Company's functional and presentational currency is the euro.

Transactions in foreign currency are initially translated at the spot rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the spot rate prevailing at the balance sheet date. All exchange gains or losses arising from translation as well as those resulting from settlement of balance sheet items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at historical cost are translated at the exchange rate prevailing on the date of the transaction. As an exception, as indicated in note 4.j above, valuation adjustments deriving from the impact of exchange rate movements on the Company's US subsidiaries are recognized by restating the value of these net investments with a credit or charge in profit or loss.

Non-monetary items measured at fair value are translated at the exchange rate prevailing when fair value is determined. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss is similarly recognized in equity; conversely, when the gain or loss is recognized in profit or loss, any exchange component is recognized in the income statement.

u) Environmental assets and liabilities

Expenses relating to decontamination and restoration work in contaminated areas, as well as the elimination of waste and other expenses incurred to comply with environmental legislation are expensed in the year to which they relate, unless they correspond to the purchase of assets for the purpose of long-standing use in its business operations whose main use is to minimize environmental damage and/or enhance environmental protection, in which case they are recognized in the corresponding heading within 'Property, plant and equipment' and are depreciated using the same criteria as other assets so classified.

v) Termination benefits

Under prevailing legislation, the Company is obliged to pay severance to employees that are discontinued under certain circumstances. Termination benefits that can be reasonably estimated are recognized as an expense in the year in which the redundancy decision is taken.

x) Related-party transactions

The Company conducts all related-party transactions on an arm's length basis. In addition, its transfer prices are duly documented so that the Company's directors do not believe there is a significant risk of related liabilities going forward.

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**Notes to the financial statements for the year ended December 31, 2017
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5. INTANGIBLE ASSETS

The reconciliation of the carrying amounts of the various items comprising intangible assets at the beginning and the end of 2017 and 2016 is as follows:

<u>Carrying amounts</u>	Trademarks & patents	Computer software	Total
Balance at December 31, 2015	7,866	690	8,556
Balance at December 31, 2016	7,079	551	7,630
Balance at December 31, 2017	6,292	524	6,816

<u>Gross carrying amounts</u>	Trademarks & patents	Computer software	Total
Balance at December 31, 2015	13,110	3,021	16,131
Business combinations			0
Additions		56	56
Decreases			0
Translation differences			0
Transfers			0
Balance at December 31, 2016	13,110	3,077	16,187
Business combinations			0
Additions		208	208
Decreases		(408)	(408)
Translation differences			0
Transfers			0
Balance at December 31, 2017	13,110	2,877	15,987

<u>Amortization and impairment charges</u>	Trademarks & patents	Computer software	Total
Balance at December 31, 2015	(5,244)	(2,331)	(7,575)
Business combinations			0
Additions	(787)	(195)	(982)
Decreases			0
Translation differences			0
Transfers			0
Balance at December 31, 2016	(6,031)	(2,526)	(8,557)
Business combinations			0
Additions	(787)	(235)	(1,022)
Decreases		408	408
Translation differences			0
Transfers			0
Balance at December 31, 2017	(6,818)	(2,353)	(9,171)

At year-end 2017, the Company had patents and trademarks with an original cost of 1,649 thousand euros (year-end 2016: 1,648 thousand euros) and computer software with an original cost of 1,891 thousand euros (year-end 2016: 2,511 thousand euros) still in use that were fully amortized.

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None of the Company's intangible assets is located outside Spain other than the Portuguese brand "Saludaes" and the Dutch brand "Lassie", acquired in 2011. The Company was not party to any firm commitments for the acquisition of intangible assets at either year-end.

There were no major movements in intangible assets in either reporting period.

In 2017, the Company recognized 1,022 thousand euros of amortization charges in respect of these intangible assets (2016: 982 thousand euros); it did not recognize any impairment losses on these assets in either reporting period.

The recoverable amount of the Company's trademarks and brands was determined by calculating their value in use, using cash flow projections that are based on budgets that cover a five-year horizon and are then projected for another five years. The rates used in 2017 to discount these assets' projected cash flows were 7.3% in Netherlands (2016: 7.1%) and 9.3% in Portugal (10.3%), depending on the business market of each brand. Cash flows beyond the initial 5-year budget horizon were extrapolated using the corresponding units' medium to long-term growth rates, which are typically between 1.6% and 1.8% (1.5% - 1.8% in 2016), depending on the business.

With respect to the assumptions used to calculate these brands' value in use, management believes that no reasonably-possible change in the key assumptions used would cause their carrying amounts to significantly exceed their recoverable amounts, indicating the need to recognize additional impairment losses.

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6. PROPERTY, PLANT AND EQUIPMENT

The reconciliation of the carrying amounts of the various items comprising property, plant and equipment at the beginning and the end of 2017 and 2016 is as follows:

<u>Carrying amounts</u>	Land	Buildings	Plant & other PP&E	In progress and prepayments	Total
Balance at December 31, 2015	307	183	659	0	1,149
Balance at December 31, 2016	307	171	873	0	1,351
Balance at December 31, 2017	281	0	697	0	978

<u>Gross carrying amounts</u>	Land	Buildings	Plant and equipment	In progress	Total
Balance at December 31, 2015	307	1,149	4,999	0	6,455
Additions			428		428
Decreases					0
Transfers					0
Balance at December 31, 2016	307	1,149	5,427	0	6,883
Additions			73		73
Decreases	(26)	(1,149)	(555)		(1,730)
Transfers					0
Balance at December 31, 2017	281	0	4,945	0	5,226

<u>Accumulated depreciation</u>	Land	Buildings	Plant and equipment	In progress	Total
Balance at December 31, 2015	0	(966)	(4,340)	0	(5,306)
Additions		(12)	(214)		(226)
Decreases					0
Transfers					0
Balance at December 31, 2016	0	(978)	(4,554)	0	(5,532)
Additions		(12)	(249)		(261)
Decreases		990	555		1,545
Transfers					0
Balance at December 31, 2017	0	0	(4,248)	0	(4,248)

In 2017, the Company sold one property in Madrid, generating a pre-tax gain of 1,347 thousand euros. There were no material movements under this heading in 2016.

According to the directors' estimates and projections, there are no indications that its property, plant or equipment may be impaired. The Company has taken out insurance policies to cover the carrying amount of its property, plant and equipment. The breakdown at year-end of the original cost of fully-depreciated items of property, plant and equipment still in use is shown in the next table:

	<u>2016</u>	<u>2017</u>
Other fixtures, tools and furniture	2,103	2,201
Other fixed assets	2,218	1,365

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There were no firm commitments for the acquisition of material amounts of property, plant and equipment at either year-end. No material items of property, plant or equipment are located outside Spain.

Operating leases

The Company leases its head offices in Madrid under an agreement in force until April 6, 2018, and its Barcelona office under an agreement that terminates on December 1, 2018; it also leases its systems office space in Granada. However, on March 1, 2018, it entered into a new lease over the Barcelona office space, which replaces the former agreement, for a five-year term until March 1, 2023, and it is in the process of negotiating a new lease over its office space in Madrid. These leases are rolled over automatically if neither party gives termination notice. There are no material contingent payments under these leases. Expenditure under operating leases totaled 1,080 thousand euros in 2017 (2016: 1,128 thousand euros). The future minimum payments under the Company's non-cancelable operating leases at December 31, 2017 (including the new lease over the office space in Barcelona) break down as follows:

	Dec 31, 2016	Dec 31, 2017
Within one year	1,131	494
Between one and five years	285	178
More than five years	0	0
	1,416	672

7. INVESTMENT PROPERTIES

The reconciliation of the carrying amounts of the Company's investment properties at the beginning and the end of 2017 and 2016 is as follows:

<u>Carrying amounts</u>			
	Land	Buildings	Total
Balance at December 31, 2015	7,276	4,683	11,959
Balance at December 31, 2016	7,276	610	7,886
Balance at December 31, 2017	7,276	568	7,844

<u>Gross carrying amounts</u>			
	Land	Buildings	Total
Balance at December 31, 2015	7,276	6,062	13,338
Additions			0
Decreases		(5,034)	(5,034)
Balance at December 31, 2016	7,276	1,028	8,304
Additions			0
Decreases		(103)	(103)
Balance at December 31, 2017	7,276	925	8,201

<u>Accumulated depreciation</u>			
	Land	Buildings	Total
Balance at December 31, 2015	0	(1,379)	(1,379)
Additions		(30)	(30)
Decreases		991	991
Balance at December 31, 2016	0	(418)	(418)
Additions		(7)	(7)
Decreases		68	68
Balance at December 31, 2017	0	(357)	(357)

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There were no material movements under this heading in 2017. In 2016, the Company sold one property in Madrid and another, smaller in size, in Seville, generating a pre-tax gain of 13,287 thousand euros.

None of the investment properties is located outside Spain. The original cost of fully-depreciated investment properties still in use was 81 thousand euros at both year-ends. The expenses associated with these properties related to their upkeep and the related depreciation charges. Maintenance expenses totaled 256 thousand euros in 2017 (2016: 424 thousand euros). All expenses are recognized in the income statement as accrued. The Company has no contractual obligations to acquire, build on or develop its investment properties or to repair, maintain or upgrade them.

The breakdown of the future minimum payments receivable under non-cancelable operating leases at year-end is as follows:

	<u>Dec 31, 2017</u>
Within one year	54
Between one and five years	0
More than five years	<u>0</u>
	<u><u>54</u></u>

There are no restrictions on the monetization of the Company's investment properties or any proceeds from their disposal.

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8. NON-CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

The reconciliation of the carrying amounts of the Company's investments at the beginning and the end of 2017 and 2016 is as follows:

ITEM	BALANCE AT Dec. 31, 2015	Additions	Decreases	Transfers	BALANCE AT Dec. 31, 2016
Equity instruments in group companies	1,588,110	18,067	0	0	1,606,177
Equity instruments in associates	18,000	13,615	0	0	31,615
Provision for impairment	(63,310)	(381)	7,130	0	(56,561)
	1,542,800	31,301	7,130	0	1,581,231
Loans to group companies	251	42	0	0	293
TOTAL INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES	1,543,051	31,343	7,130	0	1,581,524

ITEM	BALANCE AT Dec. 31, 2016	Additions	Decreases	Transfers	BALANCE AT Dec 31, 2017
Equity instruments in group companies	1,606,177	20,000	(46,592)	0	1,579,585
Equity instruments in associates	31,615	0	0	0	31,615
Provision for impairment	(56,561)	0	2,387	0	(54,174)
	1,581,231	20,000	(44,205)	0	1,557,026
Loans to group companies	293	1,711	0	0	2,004
TOTAL INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES	1,581,524	21,711	(44,205)	0	1,559,030

a) Equity instruments in group companies:

The main changes in each year are as follows:

2017

1. In December 2016, the Group merged several US-resident companies with the aim of simplifying and streamlining its structure in that market (Ebro North America) and reducing costs, reasons deemed valid from an economic and tax perspective. That reorganization, which culminated in the merger of the Group's two main North American subsidiaries (Riviana Foods, Inc. and New World Pasta, Inc., the latter merging into the former) was structured as a tax-free reorganization in the US; the equivalent tax-neutral regime was availed of in Spain (specifically the regime provided for in Chapter VII of Title VII of Spain's Corporate Income Tax Act (Law 27/2014)). The merger took effect for legal and financial purposes from January 1, 2017. Ebro Foods, S.A. owned 100% of both companies (directly and indirectly), a percentage that has not changed since the merger.

In 2017, the Company's equity investment in this business declined by 46,592 thousand euros for the following reason: the historical acquisition cost of the investment in Riviana Foods Inc., after the merger, is 526,639 thousand euros. However, this financial asset is a designated hedged item; the hedging item, which is effective, is the loan taken on to fund the acquisition; accordingly, the changes in value arising between its original cost in US dollars and its euro equivalent give rise to adjustments in this cost basis.

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The corresponding adjustment in 2017 was a decrease of 46,592 thousand euros, which was recognized as a loss in the income statement; the accumulated net gain at year-end stood at 8,368 thousand euros.

2. An increase of 20,000 thousand euros in the investment in Geovita Group in Italy, whose parent is Geovita Funtional, S.r.l., due to the acquisition of 52% of its share capital: The Geovita Group is a leading producer and seller of pulses, rice and fast-cooking grains and offers highly-innovative solutions.

Geovita has three factories, all of which in Italy, specifically in Bruno, San Giovanni Lupatoto and Villanova Monferrato, and a headcount of 94. The Group paid 20,000 thousand euros for its 52% interest, 16,500 thousand euros of which was paid in 2017; payment of remaining 3,500 thousand euros is subject to delivery of certain targets between 2017 and 2019 (note 9.2.b). The acquisition was financed from own funds.

In addition, it has arranged a call option of the remaining 48% (exercisable by the other shareholder over a 10-year period from July 2021). The acquisition price in the event this option is exercised will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. This put option contractually gives rise to a financial derivative for the period until it is exercised, due to the existence of a minimum guaranteed price; this derivative contract has been recognized as a non-current financial liability (note 9.2.b).

2016

3. An increase of 6,625 thousand euros: the original cost basis of the investment in Riviana Foods Inc. (acquisition cost) is 240,753 thousand euros. However, this financial asset is a designated hedged item; the hedging item, which is effective, is the loan taken on to fund the acquisition; accordingly, the changes in value arising between its original cost in US dollars and its euro equivalent give rise to adjustments in this cost basis. The corresponding adjustment in 2016 was an increase of 6,625 thousand euros, which was recognized as a gain in the income statement; the accumulated net gain at year-end stood at 29,629 thousand euros.
4. An increase of 5,664 thousand euros: the original cost basis of the investment in New World Pasta Co. (original acquisition cost) is 285,884 thousand euros. However, this financial asset is a designated hedged item; the hedging item, which is effective, is the loan taken on to fund the acquisition; accordingly, the changes in value arising between its original cost in US dollars and its euro equivalent give rise to adjustments in this cost basis. The corresponding adjustment in 2016 was an increase of 5,664 thousand euros, which was recognized as a gain in the income statement; the accumulated net gain at year-end stood at 25,331 thousand euros.

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5. An increase of 5,778 thousand euros as a result of the acquisition of 52% of the share capital of Santa Rita Harinas, S.L.: Santa Rita Harinas, S.L. is a Spanish company that makes and markets flour and cooking mixes. Underpinned by a strong strategic commitment to R&D and innovation, it has become the leader in the premium packaged flour segment. Its factory is located in Loranca de Tajuña (Guadalajara) and it has 15 employees. In total the Group paid 5,778 thousand euros for its 52% interest, 4,778 thousand euros of which was paid in 2016; payment of remaining 1,000 thousand euros is subject to delivery of certain targets in respect of 2016, 2017 and 2018. The acquisition was financed from own funds.

In addition, the Group has arranged two options with the other shareholder over the remaining 48%, granting the seller a put option (exercisable from August 2019 with no expiry date) and the Ebro Group a call option (exercisable from August 2026 with no expiry date). The acquisition price in the event these options are exercised will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. This put option contractually gives rise to a financial derivative for the period until the call or put is exercised, due to the existence of a minimum guaranteed price; this derivative contract has been recognized as a non-current financial liability (note 9.2.b).

b) Equity instruments in associates:

The 31,615 thousand euro investment corresponds to a 40% equity interest in Italy's Riso Scotti S.p.A. In August 2013, the Company acquired 25% of this Italian company from the Scotti Group. In 2016, it increased its shareholding to 40%. The Scotti Group is an Italian group specialized in the production and processing of rice. It is the leading maker of risotto rice in Italy and boasts a broad portfolio of products that it sells under the Scotti brand in more than 70 markets. This portfolio includes multiple value-added products (rice and soy milk, rice biscuits, rice oils, ready meals, etc.) that represent a modern take on Italian cuisine and are targeted at the premium segment. The Company's 40% interest in the Scotti Group is accounted for as an investment in an associate.

c) Non-current loans to group companies:

The loan extended by the Company to Beira Terrace Soc. de Construções, Ltda., a 100%-owned Portuguese subsidiary, is the most significant item presented under non-current loans to group companies (note 17) at year-end; the balance receivable at December 31, 2017 stood at 2,004 thousand euros (year-end 2016: 293 thousand euros). These loans don't have a fixed maturity and earn interest at 3-month Euribor plus 0.90% (0.90% in 2016).

d) Impairment losses:

The increases and decreases recognized in 2017 and 2016 correspond to impairment allowances on the Company's investments in Beira Terrace Soc. de Construções, Ltda., Ebro Germany, GmbH. and Dosbio, S.L.

The earnings of the group companies indicated in the table at the end of this note correspond in their entirety to continuing operations.

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The direct investments held by Ebro Foods, S.A. in group companies and associates at December 31, 2017 (none of the group companies being listed other than Ebro Foods, S.A. itself) are:

SUBSIDIARIES AND ASSOCIATES	Investment	Impairment losses	% Shareholding	Registered office	Business activity	(a) Capital & reserves	(a) Profit/(loss) 2017	Dividend paid in 2017	Total capital & reserves	Op. profit/ (loss)
Dosbio 2010, S.L.	22,297	(14,569)	100.00%	Madrid (Spain)	Flour production	7,732	(3)	-	7,729	(4)
Fincas e Inversiones Ebro, S.A.	4,926	-	100.00%	Madrid (Spain)	Agricultural holding	7,940	54	-	7,994	72
Arotz Foods, S.A.	22,864	-	100.00%	Madrid (Spain)	Tinned vegetables	31,846	254	-	32,100	176
Herba Foods S.L.	59,695	-	100.00%	Madrid (Spain)	Investment management	102,799	7,408	(10,000)	100,207	4,624
Herba Ricemills S.L	153,451	-	100.00%	Madrid (Spain)	Production and sale of rice	182,394	15,888	(9,000)	189,282	22,421
Herba Nutrición S.L	526	-	100.00%	Madrid (Spain)	Production and sale of rice	1,130	3,028	(3,000)	1,158	37
Jiloca Industrial, S.A.	1,500	-	100.00%	Teruel (Spain)	Production of organic fertilizer	1,796	522	(240)	2,078	728
Networks Meal Solutions, S.A.	2	-	100.00%	Madrid (Spain)	Dormant	1	0	-	1	0
Fundación Ebro	0	-	100.00%	Madrid (Spain)	Charitable foundation	301	0	-	301	0
Ebro Financial Corporate Services, S.L.	150,003	-	100.00%	Madrid (Spain)	Financial and insurance management	155,444	565	-	156,009	(129)
Harinas Santa Rita, S.A.	5,778	-	52.00%	Guadalajara (Spain)	Production and sale of flour	11,223	481	(156)	11,548	524
Beira Terrace Soc. de Const., Ltda.	12,436	(8,688)	100.00%	Porto (Portugal)	Real estate	1,360	2,388	-	3,748	2,638
Riceland, Kft. (*)	597	-	20.00%	Budapest (Hungary)	Production and sale of rice	1,693	443	-	2,136	496
Riviana Foods Inc. (Group) (**)	535,007	-	84.47%	Houston, Texas (USA)	Production and sale of rice and pasta	1,277,692	140,922	-	1,418,614	122,246
Panzani, SAS (Group)	440,838	-	100.00%	Lyon (France)	Production and sale of pasta and sauces	677,940	46,672	(50,000)	674,612	67,464
Ebro Foods, GmbH (Group) (***)	87,078	(30,917)	68.90%	Germany	Production and sale of pasta and sauces	85,966	1,020	-	86,986	(157)
Ebro Foods Alimentación, S.A.	1	-	100.00%	Mexico	Sale and marketing of rice	714	(108)	-	606	(84)
Pastificio Lucio Garofalo, S.r.l. (Group)	62,586	-	52.00%	Naples (Italy)	Production and sale of pasta and sauces	129,626	13,240	-	142,866	18,306
Geovita Functional Ingredients (Group)	20,000	-	52.00%	Vercelli (Italy)	Production and sale of pulses	38,435	661	-	39,096	1,015
Riso Scotti, S.p.a. (Group)	31,615	-	40.00%	Milan (Italy)	Production and sale of rice	77,311	2,000	(750)	78,561	5,800
TOTAL	1,611,200	(54,174)						(73,146)		

(a) Whenever the subsidiary's name is followed by "(Group)", the figures pertaining to that company's capital, reserves and profit or loss refer to the consolidated figures of that investee and its own subsidiaries and associates before considering dividends paid in 2017. In order to present uniform data for the various companies and groups of companies, the capital, reserves and earnings figures are obtained applying the International Financial Reporting Standard adopted by the European Union.

(*) Ebro Foods, S.A. owns 100% of this company, 20% directly and the other 80% indirectly via Herba Foods, S.L.

(**) Ebro Foods, S.A. owns 100% of this company, 84.5% directly and the other 15.5% indirectly via wholly-owned subsidiaries of Riviana.

(***) Ebro Foods, S.A. owns 100% of this company, 68.9% directly and the other 31.1% indirectly via subsidiaries.

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The direct investments held by Ebro Foods, S.A. in group companies and associates at December 31, 2016 are itemized below:

SUBSIDIARIES AND ASSOCIATES	Investment	Impairment losses	% Shareholding	Registered office	Business activity	(a) Capital & reserves	(a) Profit/(loss) 2016	Dividend paid in 2016	Total capital & reserves	Op. profit/ (loss)
Dosbio 2010, S.L.	22,297	(14,569)	100.00%	Madrid (Spain)	Flour production	8,134	(402)	-	7,732	(948)
Fincas e Inversiones Ebro, S.A.	4,926	-	100.00%	Madrid (Spain)	Agricultural holding	7,873	67	-	7,940	89
Arotz Foods, S.A.	22,864	-	100.00%	Madrid (Spain)	Tinned vegetables	31,556	290	-	31,846	181
Herba Foods S.L.	59,695	-	100.00%	Madrid (Spain)	Investment management	94,157	6,538	-	100,695	9,259
Herba Ricemills S.L	153,451	-	100.00%	Madrid (Spain)	Production and sale of rice	173,536	18,858	(10,000)	182,394	23,885
Herba Nutrición S.L	526	-	100.00%	Madrid (Spain)	Production and sale of rice	3,126	4	(2,000)	1,130	6
Jiloca Industrial, S.A.	1,500	-	100.00%	Teruel (Spain)	Production of organic fertilizer	1,728	491	(423)	1,796	684
Networks Meal Solutions, S.A.	2	-	100.00%	Madrid (Spain)	Dormant	1	0	-	1	0
Fundación Ebro	0	-	100.00%	Madrid (Spain)	Charitable foundation	301	0	-	301	0
Ebro Financial Corporate Services, S.L.	150,003	-	100.00%	Madrid (Spain)	Financial and insurance management	154,820	624	-	155,444	(141)
Harinas Santa Rita, S.A.	5,778	-	52.00%	Guadalajara (Spain)	Production and sale of flour	11,112	255	-	11,367	334
Beira Terrace Soc. de Const., Ltda.	12,436	(11,075)	100.00%	Porto (Portugal)	Real estate	1,412	(52)	-	1,360	(50)
Riceland, Ltda. (*)	597	-	20.00%	Budapest (Hungary)	Production and sale of rice	1,461	236	-	1,697	278
Riviana Foods Inc. (Group) (**)	270,383	-	75.00%	Houston, Texas (USA)	Production and sale of rice	723,658	66,832	-	790,490	98,373
Panzani, SAS (Group)	440,838	-	100.00%	Lyon (France)	Production and sale of pasta and sauces	632,575	44,830	-	677,405	62,578
New World Pasta Comp. (Group)	311,216	-	100.00%	Harrisburg (USA)	Production and sale of pasta and sauces	638,387	13,122	-	651,509	18,609
Ebro Foods, Gmbh (Group) (***)	87,078	(30,917)	68.90%	Germany	Production and sale of pasta and sauces	85,140	815	-	85,955	607
Ebro Foods Alimentación, S.A.	1	-	100.00%	Mexico	Sale and marketing of rice	451	324	-	775	396
Pastificio Lucio Garofalo, S.r.l. (Group)	62,586	-	52.00%	Naples (Italy)	Production and sale of pasta and sauces	127,034	8,013	(1,500)	133,547	13,273
Riso Scotti, S.p.a. (Group)	31,615	-	40.00%	Milan (Italy)	Production and sale of rice	81,036	(2,092)	(509)	78,435	5,500
TOTAL	1,637,792	(56,561)						(14,432)		

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9. FINANCIAL INSTRUMENTS

9.1 Financial assets

The breakdown of financial assets, excluding investments in group companies and jointly-controlled entities (note 8), at year-end, is as follows:

NON-CURRENT FINANCIAL INSTRUMENTS (assets)	Equity instruments		Debt instruments		Loans and receivables & derivatives		TOTAL	
	YE 2017	YE 2016	YE 2017	YE 2016	YE 2017	YE 2016	YE 2017	YE 2016
Categories								
Assets at fair value through profit or loss:								
a) Held for trading							0	0
b) Other							0	0
Held-to-maturity investments							0	0
Loans and receivables					24,037	22,733	24,037	22,733
Available-for-sale financial assets:								
a) Measured at fair value	0	0					0	0
b) Measured at cost							0	0
Hedging derivatives							0	0
TOTAL	0	0	0	0	24,037	22,733	24,037	22,733

CURRENT FINANCIAL INSTRUMENTS (assets)	Equity instruments		Debt instruments		Loans and receivables & derivatives		TOTAL	
	YE 2017	YE 2016	YE 2017	YE 2016	YE 2017	YE 2016	YE 2017	YE 2016
Categories								
Assets at fair value through profit or loss:								
a) Held for trading							0	0
b) Other					0	750	0	750
Held-to-maturity investments							0	0
Loans and receivables					6,877	6,884	6,877	6,884
Available-for-sale financial assets:								
a) Measured at fair value							0	0
b) Measured at cost							0	0
Hedging derivatives							0	0
TOTAL	0	0	0	0	6,877	7,634	6,877	7,634

Loans and receivables

	YE 2017	YE 2016
Non-current financial assets		
Loans to group companies (notes 8 & 17)	2,004	293
Loans to third parties	21,885	22,293
Long-term deposits	148	147
	24,037	22,733
Non-current financial assets		
Loans to group companies (notes 8 & 17)	0	0
Trade and other receivables (note 10)	5,666	5,199
Loans to third parties	1,211	2,435
	6,877	7,634
TOTAL	30,914	30,367

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The balance of loans to third parties at both reporting dates corresponds mainly to the deferred portion of the purchase price for the Nomen brands under the agreement reached in 2012. That agreement was renegotiated in September 2014 to extend the collection term by a further two years and reduce the interest rate from 4.2% to 3.4% and then again in 2017, extending the term a further two years and leaving the interest rate intact at 3.4%.

The non-current portion of this vendor loan is 21,885 thousand euros and the current portion, 1,211 thousand euros. This loan accrues interest at a rate of 3.4% and the last instalment is due in September 2029. The Nomen trademarks have been pledged as collateral to guarantee repayment of this loan.

Exchange differences recognized in profit or loss for the year

The exchange differences recognized in profit or loss in 2017 and 2016 for each financial asset category are broken down below:

Exchange differences recognized in profit or loss	Loans and receivables		Equity instruments in group companies		Loans and payables		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016
- For transactions settled during the year	(32)	154	0	0	(197)	12	(229)	166
- For transactions pending settlement at year-end	0	0	0	0	3,736	(470)	3,736	(470)
- For foreign exchange hedges	0	0	(46,592)	12,289	46,592	(12,289)	0	0
Total (expense)/income recognized in profit or loss for the year	(32)	154	(46,592)	12,289	50,131	(12,747)	3,507	(304)

9.2 Financial liabilities

The breakdown of the Company's financial liabilities at December 31, 2017 and 2016 is as follows:

NON-CURRENT FINANCIAL INSTRUMENTS (liabilities)	Bank borrowings		Bonds and other marketable securities		Derivatives and other accounts payable		TOTAL	
	YE 2017	YE 2016	YE 2017	YE 2016	YE 2017	YE 2016	YE 2017	YE 2016
Debts and payables (financial liabilities at amortized cost)	291,963	387,097			4,512	1,012	296,475	388,109
Liabilities at fair value through profit or loss							0	0
a) Held for trading							0	0
b) Other					2,459	1,510	2,459	1,510
Hedging derivatives							0	0
Total	291,963	387,097	0	0	6,971	2,522	298,934	389,619

CURRENT FINANCIAL INSTRUMENTS (liabilities)	Bank borrowings		Bonds and other marketable securities		Derivatives and other accounts payable		TOTAL	
	YE 2017	YE 2016	YE 2017	YE 2016	YE 2017	YE 2016	YE 2017	YE 2016
Debts and payables (financial liabilities at amortized cost)	50,074	30,556			4,835	5,963	54,909	36,519
Liabilities at fair value through profit or loss							0	0
a) Held for trading							0	0
b) Other							0	0
Hedging derivatives							0	0
Total	50,074	30,556	0	0	4,835	5,963	54,909	36,519

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Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

a) **Bank borrowings** Refer to note 13.

b) **Derivatives and other accounts payable**

The breakdown of the financial liabilities included in this category is as follows:

Thousands of euros	YE 2017	YE 2016
Non-current		
Derivatives	2,459	1,510
Trade and other payables	4,500	1,000
Security deposits	12	12
	6,971	2,522
Current		
Derivatives	0	0
Trade and other payables	4,622	5,905
Other financial liabilities	213	58
	4,835	5,963

The non-current balance of trade and other payables includes a 1,000 thousand euro earnout payable to the seller of Santa Rita Harinas, S.L. subject to delivery of certain milestones between 2016 and 2018 (note 8.a.5) and the 3,500 thousand euro earnout payable to the seller of Geovita, subject to delivery of certain milestones between 2017 and 2019 (note 8.a.2).

The non-current derivatives balance includes the value assigned to the derivative contracts indicated below:

- Call-put option over 48% of the Italian pasta group, Garofalo – the value ascribed to this derivative is 211 thousand euros. When the Company acquired a 52% interest in this entity, it arranged two options with the other shareholder over the remaining 48%, granting the seller a put option (exercisable until May 2024) and the Ebro Group a call option (exercisable from June 2024 until May 2026). The acquisition price in the event these options are exercised will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. This option contractually gives rise to a financial derivative for the next four years (until June 30, 2018), due to the existence of a guaranteed minimum price during that period; this obligation has been recognized as a non-current financial liability.
- Call-put option over 48% of Santa Rita Harinas, S.L. – the value ascribed to this derivative is 532 thousand euros. When acquiring 52% of this entity, the Company arranged two options with the other shareholder over the remaining 48%, granting the seller a put option (exercisable from August 2019 with no expiry date) and the Ebro Group a call option (exercisable from August 2026 with no expiry date). The acquisition price in the event these options are exercised will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. This option contractually gives rise to a financial derivative for the period until the call or put is exercised, due to the existence of a minimum guaranteed price; this derivative contract has been recognized as a non-current financial liability.

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- Call-put option over 48% of Geovita Funtional, S.r.l. (note 8.a.2) – the value ascribed to this derivative is 1,716 thousand euros.

c) Nature and extent of risks arising from financial instruments

The main objective of the Company's capital management policy is to guarantee a capital structure that complies with prevailing regulations in its group's operating markets. In addition, its capital management policy is designed to preserve its credit metrics and to maximize shareholder value.

The Company's business activities and operations expose it to financial risks including foreign currency and interest rate risk.

Interest rate risk: The Company is exposed to changes in market interest rates, mainly on account of its non-current payment obligations arranged at floating rates of interest. Its policy is to manage its borrowing costs by using a mix of fixed and variable rates. The goal is minimize the Company's exposure to this risk factor, to which end it tracks market rate trends exhaustively with the help of external experts.

It arranges interest-rate hedges as deemed necessary under which it agrees to swap, during specific periods, the difference between the amount of fixed and variable interest, calculated on the basis of a notional amount of principal agreed between the parties. These derivative or structured products are designed to hedge the underlying payment obligations.

Foreign currency risk: As a result of the investments made in the US, the carrying amounts of the Company's assets and liabilities are significantly exposed to changes in the USD / EUR exchange rate. The Company attempts to mitigate the impact of this structural exchange-rate risk by denominating its borrowings in US dollars. As a result, 63.3% of the Company's US investments are hedged in this manner.

At year-end 2017, non-current borrowings include two loans in an aggregate amount of 171 million US dollars (year-end 2016: 251 million euros) (note 13), while non-current borrowings from group companies include a loan of 237 million US dollars (year-end 2016: 154 million US dollars) (note 17), all of which have been designated as hedges of the Company's net investments in its US subsidiaries; they are used to hedge the Company's exposure to exchange rate risk on these investments. The gains and losses generated upon translation of these loans into euros are recognized in the income statement and exactly offset the exchange gains and losses recognized on the translation of these net investments into euros (notes 8.a & 9.1).

Liquidity risk: The Company manages the risk of a shortfall of short-term liquidity with a liquidity planning tool. This tool analyzes the maturity of the Company's financial assets and liabilities in conjunction with its operating cash flow projections. Ebro Foods, S.A. is the parent of a consolidated group comprising it and its subsidiaries and associates with which it separately presents consolidated financial statements.

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This fact should be taken into consideration in assessing the working capital position typical of year-end in the separate annual financial statements of Ebro Foods, S.A., which, as the group's parent company, has the option of financing itself via dividends, among other alternatives.

10. TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables in 2017 and 2016 is as follows:

Thousands of euros	YE 2017	YE 2016
Trade receivables	9	20
Trade receivables from group companies and associates	5,618	5,145
Sundry receivables	8	8
Receivable from employees	31	26
	5,666	5,199

Impairment allowances: The 'Trade receivables' balance in the table above is presented net of impairment losses. The Company did not recognize any new impairment losses against its trade receivables in 2017 or 2016 other than the use of 24 thousand euros of existing provisions in 2016. The accumulated balance of impairment allowances was nil at both year-ends.

All of the balances recognized under trade receivables are denominated in euros.

11. CASH AND CASH EQUIVALENTS

Cash equivalents are typically bank deposits with a maturity of three months or less at the time of their acquisition.

There are no restrictions on these balances.

12. CAPITAL AND RESERVES

- a) Issued capital: The Company's share capital consisted of 153,865,392 fully subscribed and paid bearer shares with a par value of 0.60 euros each at both year-ends. The Company's shares are traded on the Spanish stock exchanges. All shares belong to the same class and carry identical rights.

The shareholders with direct or indirect interests of more than 3% in the capital of Ebro Foods, S.A. at December 31, 2017 (2016), based on information furnished by the said shareholders to Spain's securities market regulator, the CNMV, and to Ebro Foods, S.A., are as follows:

- Grupo Tradifin, S.L., which directly holds 12,248,809 (12,248,809) shares, representing a 7.961% interest (7.961%).
- Heralianz Investing Group, S.L., which directly holds 12,248,809 (12,248,809) shares, representing a 7.961% interest (7.961%).

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- Sociedad Anónima Damm: indirect holder, via Corporación Económica Damm, S.A., of 17,705,610 (17,613,610) shares, representing an 11.507% (11.447%) interest.
 - Sociedad Estatal de Participaciones Industriales: indirect holder, via Alimentos y Aceites, S.A., of 15,940,377 (15,940,377) shares, representing a 10.36% (10.36%) interest.
 - Corporación Financiera Alba, S.A., which directly holds 18,467,963 (15,400,000) shares, representing a 12.003% (10.009%) interest.
 - Empresas Comerciales e Industriales Valencianas, S.L., which directly holds 12,042,637 (11,808,970) shares, representing a 7.827% (7.675%) interest.
- b) Share premium: The Consolidated Text of the Spanish Corporate Enterprises Act permits the use of the share premium account balance to increase share capital and provides no specific limitation with respect to its availability.
- c) Legal reserve: The companies that generate a profit are required to earmark 10% of net profit for the year to a legal reserve until such reserve is equivalent to 20% of share capital. The legal reserve cannot be distributed except in the event of dissolution but it can be used to offset losses insofar as other reserves are not available for this purpose and to increase capital by the amount that exceeds 10% of capital after the increase. The Company had fully endowed its legal reserve at both year-ends.
- d) Voluntary reserves: This reserve is unrestricted other than the limitations imposed under prevailing company law.
- e) Revaluation reserve, Royal Decree-Law 7/1996: As a result of the asset restatements made in the past by Sociedad General Azucarera de España, S.A. and Puleva S.A. under the scope of Royal Decree-Law 7/1996 of June 7, 1996, the Company recognized the corresponding revaluation reserves in the amount of 21,767 thousand euros; in the wake of the amounts derecognized in 2001 following the split-off of the sugar business and in 2003 following the dissolution of A. E. Gestion de Patrimonio, S.L., the remaining balance stands at 3,169 thousand euros (included under other reserves).

This balance can be used, without accruing taxes, to offset tax losses accumulated in prior, current and future tax periods and for the purpose of increasing share capital. Since April 1, 2007, this balance can be earmarked to unrestricted reserves to the extent that the monetary gain has been realized.

The monetary gain is deemed realized in respect of the corresponding depreciation charges recognized or when the restated asset items have been sold or derecognized for accounting purposes. If this balance were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be taxable.

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- f) Own shares: In 2017, the Parent had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meeting held on June 3, 2015 for a period of five years (and duly notified to the CNMV in keeping with prevailing legislation). In 2017, the Company bought back 51,673 shares, sold 25,000 and delivered 26,673 own shares to employees. The Company did not hold any own shares as treasury stock at December 31, 2017.

In 2016, the Parent similarly had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meeting held on June 3, 2015 for a period of five years (and duly notified to the CNMV in keeping with prevailing legislation). In 2016, the Company bought back 28,553 shares, sold 2,106 and delivered 26,447 own shares to employees. The Company did not hold any own shares as treasury stock at December 31, 2016.

- g) Dividends paid in 2017:

Distribution of the dividends approved at the Annual General Meeting of June 1, 2017 at which the Company's shareholders ratified the motion to pay a cash dividend with a charge against unrestricted reserves and profit for 2016 of 0.57 euros per share, payable in the course of 2017.

The ordinary dividend was paid out in three equal instalments of 0.19 euros per share on April 3, June 30 and October 2, 2017.

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13. BANK BORROWINGS

The breakdown of current and non-current bank borrowings (in thousands of euros) at both year-ends:

	YE 2017	YE 2017	YE 2016	YE 2016
	Non-current	Current	Non-current	Current
Bank loans arranged in euros	149,380	30,000	149,117	30,000
Bank loans arranged in US dollars	142,583	-	237,980	-
Credit facilities arranged in euros	-	19,486	-	-
Interest accrued but not due	-	588	-	556
TOTAL	291,963	50,074	387,097	30,556

The long-term bank loans denominated in US dollars were taken out to finance the investments in the US businesses. These long-term loans are guaranteed by Group subsidiaries Herba Food, S.L., Herba Ricemills, S.L., Panzani SAS and Riviana Foods Inc. and correspond to:

- The bilateral loan agreement entered into in November 2006 and amended in April 2009, June 2010 and again in May 2015, in an initial amount of 190 million US dollars, reduced to 171 million US dollars in the wake of the last amendment. This loan is repayable in four six-monthly instalments of 42.75 million US dollars starting in May 2020. The annual rate of interest applicable to this dollar-denominated loan is benchmarked against 1-, 3-, 6- or 12-month LIBOR plus a market spread.
- A bilateral loan agreement arranged in June 2015, in the amount of 100 million US dollars, reduced to 80 million US dollars in 2016 as a result of an early repayment of 20 million US dollars, and subsequently cancelled in 2017.

Three new loans were arranged in 2016, all of which are classified as non-current. Specifically, the Group arranged two separate 25 million euro loans on March 30 and another 100 million euro loan on May 30. These loans are denominated in euros and are repayable in a single bullet payment at maturity, on March 29 and 31, 2019 and May 31, 2020, respectively. These loans bear interest at 3-month EURIBOR plus a market spread.

The Company is obliged to comply with a series of covenants, specifically a series of ratios calculated on basis of the consolidated financial statements of the group of which the Company is the parent, throughout the term of these loans. Any breach of these covenants would increase the related borrowing costs and in some cases would trigger an early repayment requirement. The Company was in compliance with all these covenants at both year-ends.

In addition, at year-end 2017, the Company had arranged and guaranteed credit facilities with an aggregate limit of 33 million euros (year-end 2016: 28 million euros), of which 19,486 thousand euros (0 thousand euros) had been drawn down. The average annual rate of interest on these borrowings, excluding the long-term loans, is 3-month EURIBOR plus a market spread of 0.67% (2016: 0.75%) on average.

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In addition, the Company has extended sureties and other guarantees to third parties via banks totaling 144,816 thousand euros at year-end 2017 (130,648 thousand euros at year-end 2016) (note 16).

The maturity schedule for bank borrowings (at December 31, 2017):

Due 2018	50,074 thousand euros
Due 2019	50,000 thousand euros
Due 2020	170,672 thousand euros (85,500 thousand US\$)
Due 2021	71,291 thousand euros (85,500 thousand US\$)

14. NON-CURRENT PROVISIONS

The reconciliation of the Company's provisions at the beginning and end of 2017 and 2016 is as follows:

NON-CURRENT PROVISIONS Thousands of euros	Employee benefit obligations			Other provisions for contingencies			Total
	Long-service bonuses	Long-term remuneration	Total	Business sale reps & warranties	Tax assessments	Total	
Closing balance: Dec. 31, 2015	157	2,145	2,302	8,740	280	9,020	11,322
- Additions (reversal of provisions)	25	417	442	2,500	0	2,500	2,942
- Amounts used	-27	-572	-599	0	0	0	-599
Closing balance: Dec. 31, 2016	155	1,990	2,145	11,240	280	11,520	13,665
- Additions (reversal of provisions)	6	917	923	0	3,928	3,928	4,851
- Amounts used	0	-610	-610	0	0	0	-610
Closing balance: Dec 31, 2017	161	2,297	2,458	11,240	4,208	15,448	17,906

Provision for contingencies – Reps and warranties granted in connection with the sales of the sugar and dairy businesses

The provisions recognized to cover the outcome of lawsuits related to the sales of the sugar business (sold in 2009) and the dairy business (sold in 2010) corresponded to the reps and warranties extended to the buyers of these businesses under which an unfavorable ruling in these lawsuits would have the effect of reducing the sale-purchase prices for these business. Additions to this provision (or reversals thereof) imply an adjustment to the sale price and are accordingly recognized as a reduction (or increase) in profit in the year in which they are recognized.

These lawsuits had been substantially resolved by year-end 2013, so that the related provision stood at zero. However, in the course of 2014 a number of smaller-sized disputes came to light. Management determined it was necessary to recognize a provision in respect of certain of these cases in light of the possible outflow of resources in the future.

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In addition, in August 2014, Grupo Lactalis Iberia, S.A. passed the proposed ruling ("Proposed Ruling") in respect of the disciplinary proceedings initiated by the investigative unit of Spain's anti-trust authority, the CNMC, against Spain's leading dairy transformation companies, including Puleva Food, S.L., in connection with alleged anti-competitive practices between 2003 and 2013, on to Ebro Foods, S.A. Ebro Foods, S.A. sold Puleva Food, S.L. to Grupo Lactalis Iberia, S.A. in 2010; the related share purchase agreement (the "SPA") included a liability regime covering future contingencies. Under this regime, Ebro Foods, S.A., as seller, could be held liable for any fine imposed on Puleva Food, S.L. with respect to developments taking place prior to the sale.

The Proposed Ruling qualifies the conduct investigated as a very serious infraction of article 62.4.a) of Spain's Anti-Trust Act and recommends that the Board of the CNMC hand down the fine contemplated in article 63 of this same piece of legislation. Grupo Lactalis Iberia, S.A. and Puleva Food, S.L., in keeping with the procedure agreed upon in the SPA, duly presented statements outlining their pleas against the Proposed Ruling, categorically denying the conduct charged therein.

The CNMC ruling issued by its Board on February 26, 2015 was received on March 3, 2015. It hands down a fine against Puleva Food, S.L. of 10,270 thousand euros. Based on the information currently available, Ebro Foods, S.A. believes it has solid arguments for defending its position in these lawsuits and so stated in the appeal lodged before the corresponding judicial bodies in September 2015. However, it continues to classify the likelihood of an outflow of resources embodying economic benefits as probable; accordingly, the related provision recognized in the 2016 and 2017 financial statements is unchanged with respect to the amount provided for in 2014.

In addition, in 2016, the Group recognized a provision of 2,500 thousand euros to cover the litigation risk associated with the tax assessments signed under protest in 2016 in the wake of an inspection of the Puleva Group in respect of the years during which it still belonged to Ebro's consolidated tax group.

Provision for contingencies – Tax assessments

The last tax inspection of the Spanish tax group in respect of 2008 to 2011, both inclusive, concluded in May 2014. All of the assessments were paid (using financial criteria), including those signed under protest (albeit not the related fines). The assessments signed under protest have been appealed.

In addition, the Company signed assessments handed down in connection with the deduction accredited and applied as warranted in relation to the 2008 Volvo Ocean Race under protest. The amount contested, which applies from 2008 to 2010, totals 3,021 thousand euros. In this case, the liability had not been provided for in prior years as the assessments had been appealed and the likelihood of winning this claim was deemed high due to the precedent set by National High Court rulings in favor of other taxpayers that had brought identical cases.

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However, in July 2017, the Supreme Court ruled against the taxpayer in a very similar case. Therefore, the risk that the outcome of this process will not favor the tax group was reclassified from remote to probable and is now expected to possibly entail an outflow of resources. As a result, in 2017, the Group recognized an impairment provision of 3,928 thousand euros to cover this potential liability in full. The provision has been recognized with a charge against corporate income tax expense in the income statement (note 15).

Provision for long-service bonuses

Some Ebro Foods, S.A. employees are entitled to receive long-service bonuses after 25 to 40 years' service from a fund managed internally by the Company. The provision recognized for long-service bonuses at year-end 2017 in the amount of 161 thousand euros (year-end 2016: 155 thousand euros) represents the present value, calculated using actuarial studies performed by independent experts, of the potential future payments to these employees.

The key assumptions used in the most recent actuarial study with effect as of each reporting date are as follows:

- a) A discount rate of 1.23% (2016: 1.19%)
- b) Wage increases: compound annual growth of 3% (2016: 3%)
- c) Mortality and survival tables: PERM/F 2000 tables (new policies)

Provision for long-term remuneration to executives

Refer to note 18. The provisions used in 2017 and 2016 correspond to the 2013-2015 bonus plan (settlement of which finalized in 2017). The provisions recognized in 2016 and 2017 correspond to the new 2016-2018 bonus plan to be settled between 2018 and 2020.

15. TAX MATTERS

The breakdown of taxes payable and receivable at year-end is as follows:

Thousands of euros	YE 2017	YE 2016
<u>Current</u>		
Current tax assets	19,278	6,403
Other amounts receivable from public authorities	947	808
Current tax liabilities	0	0
Other payables to public authorities	-507	-465
	19,718	6,746
<u>Non-current</u>		
Deferred tax assets	10,116	9,796
Deferred tax liabilities	-45,304	-41,683
	-35,188	-31,887

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Under prevailing legislation, tax returns may not be considered final until either they have been inspected by the tax authorities or until the inspection period has prescribed.

In May 2017, the tax authorities embarked on an inspection of fiscal years 2012 to 2015, both inclusive, which they are expected to finalize during the first half of 2018. The Company has its books open to inspection since 2016 in respect of all applicable taxes.

The Company's directors believe there is no need to provide for potential additional tax liabilities that could arise from differing interpretations of tax regulations.

15.1. The tax group that files its return under the consolidated tax regime is made up of:

Ebro Foods, S.A. (parent of the tax group), Ebro Financial Corporate Services, S.L., Network Meal Solutions, S.L., Fincas e Inversiones Ebro, S.A., Dosbio 2010, S.L., Arotz Foods, S.A., Herba Foods, S.L., Herba Ricemills, S.L and its subsidiaries, Herba Nutrición, S.L, Fallera Nutrición, S.L., Española de I+D, S.A. and Jiloca, S.A.

15.2 The reconciliation of net income and expense for both reporting periods to taxable income (tax loss) is set forth below:

Tax expense Thousands of euros	2017		2016	
	Accounting	Tax	Accounting	Tax
Profit before tax from continuing operations	58,835	58,835	15,078	15,078
Permanent differences	(72,596)	(72,596)	(20,687)	(20,687)
Permanent differences arising from fiscal consolidation adjustments	0	0	0	0
Adjusted accounting profit	(13,761)	(13,761)	(5,609)	(5,609)
Temporary differences		(18,528)		(17,194)
Temporary differences arising from fiscal consolidation adjustments		0		0
Tax group tax losses for offset		4,004		(3,183)
Taxable income (tax loss) of the Company	(13,761)	(28,285)	(5,609)	(25,986)
Tax calculated at statutory rate: 25%	(3,440)	(7,071)	(1,402)	(6,497)
Tax credits	0	0	(638)	(638)
Tax expense/(income) for the year	(3,440)	(7,071)	(2,040)	(7,135)
Restatement of prior-year's income tax	246	0	34	0
Tax assessments (note 14)	3,928		0	
Change in deferred tax assets and liabilities	0		3,702	
Effect of change in tax rate	0		0	
TOTAL INCOME TAX: Expense (income)	734	(7,071)	1,696	(7,135)

The reconciliation of income tax payable/(refundable) by/to Ebro Foods, S.A. and total income tax payable/(refundable) as a result of application of the consolidated tax regime is provided below:

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	2017	2016
Tax payable (refundable) corresponding to Ebro Foods, S.A.	(7,071)	(7,134)
Payments made on account during the year	(13,633)	(5,927)
Tax withholdings	(51)	(56)
Tax refundable pending collection from prior years	(5,569)	(1,405)
Tax payable (refundable) corresponding to the other companies in the tax group	7,046	8,119
Tax group tax payable (receivable)	(19,278)	(6,403)

- 15.3 The reconciliation of tax expense (income) to the result of multiplying total recognized income and expense, as opposed to profit or loss as per the income statement, by applicable tax rates, is as follows:

<u>Thousands of euros</u>	Income statement	
	2017	2016
Profit before tax from continuing operations	58,835	15,078
Statutory tax rate	25%	25%
Theoretical tax expense	14,709	3,770
<u>Effect of:</u>		
Non-deductible expenses	143	224
Non-taxable income	0	(1,783)
Dividends between tax group companies	(5,560)	(3,106)
Dividends within parent company group	(12,726)	(502)
Deductions and other items	(6)	(643)
	(3,440)	(2,040)
<u>Breakdown of tax expense (income)</u>		
Current	(7,071)	(7,134)
Deferred	3,631	5,094
Effective tax expense (income)	(3,440)	(2,040)

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- 15.4 The breakdown of the temporary differences arising at Ebro Foods, S.A. in 2017 and 2016 is as follows:

TEMPORARY DIFFERENCES - Increases	2017	2016
Endowment provision to long-term allowance	963	464
Endowment provision to permanence award	6	25
Evaluative reverse correction in group societies	5,349	5,138
Brand tax amortization	394	393
Total Increases	6,712	6,020
TEMPORARY DIFFERENCES - Decreases	2017	2016
Tax amortization expense of the merge goodwill	2,007	2,007
Provision application to long-term payments	609	572
Temporal difference for amortization of the merge goodwill	20,227	20,227
Evaluative reverse correction in group societies	2,388	0
Payment for permanent award	0	27
Application amortization 30% no deductible	9	21
Financial assets available for sales	0	360
Total Decreases	25,240	23,214
Total net income on temporal differences	(18,528)	(17,194)

- 15.5 The breakdown of the permanent differences differences arising at Ebro Foods, S.A. in 2017 and 2016 is as follows:

PERMANENT DIFFERENCES - Increases	2017	2016
Rises:		
Donations	550	493
Endowment reverse correction in group societies	0	381
Other non-deductible expenses	22	23
Total increases	572	897
PERMANENT DIFFERENCES - Decreases		
Dividend adjustments of subsidiaries of the tax group	22,240	12,423
Dividend adjustments of other group societies	50,906	2,009
Amortization of goodwill for tax purposes	22	22
Evaluative reverse correction in group societies	0	7,130
Total decreases	73,168	21,584
Total net income in permanent differences	(72,596)	(20,687)

- 15.6 Ebro Foods, S.A. did not utilize any tax credits in 2017 due to the tax loss generated by the tax group. In 2017, it generated 194 thousand euros of tax credits, mainly corresponding to donations, for utilization in future years, in addition to the 6.9 million euros generated and unused in prior years (mainly deductions generated by the reinvestment of extraordinary gains).

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The amounts of proceeds reinvested by the Spanish tax group in prior years entitling it to tax credits were 33.1, 5.0, 115.3, 57.3, 1.5, 16.2, 11.2 and 76.3 million euros between 2013 and 2006, respectively. These reinvestments satisfied all of the requirements for qualifying for the related tax relief.

15.7 A reconciliation of Ebro Foods, S.A.'s deferred tax assets and liabilities is provided below:

Thousands of euros	YE 2015	Additions	Amounts derecognized	Restatements and other additions /derecognitions	Ye 2016	Additions	Amounts derecognized	Restatements and other additions/ derecognitions	YE 2017
Deferred tax assets									
- Goodwill	3,613		-502		3,111		-502		2,609
- Intangible assets: Trademarks	1,397				1,397				1,397
- Property, plant and equipment: Land	108				108				108
- Property, plant and equipment: Depreciation	21		-5	-2	14		-2		12
- Financial assets	90		-90		0				0
- Long-term remuneration obligations	673	12	-39	-5	641	240	-152		729
- Provisions for contingencies	310				310				310
- Provisions for long-service bonuses	39		-1		38	2			40
- Impairment provisions: investments in group companies	0			2,720	2,720		-597		2,123
- Unused tax losses	2,241		-796	12	1,457	1,001		330	2,788
	8,492	12	-1,433	2,725	9,796	1,243	-1,253	330	10,116
Deferred tax liabilities									
- Amortization of goodwill for tax purposes	-31,100	-5,057			-36,157	-5,056			-41,213
- Amortization of trademarks for tax purposes	-158		99	2	-57	98			41
- Accrual of gains on brand sales	2			-2	0				0
- Deferral of gains by tax group	-331				-331				-331
- Fair value of financial instruments	-90		90		0				0
- Impairment provisions: investments in group companies	0		1,284	-6,422	-5,138		1,337		-3,801
	-31,677	-5,057	1,473	-6,422	-41,683	-4,958	1,337	0	-45,304
Total deferred taxes, net	-23,185	-5,045	40	-3,697	-31,887	-3,715	84	330	-35,188

Spanish Royal Decree-Law 3/2016 was published in the official state journal on December 3, 2016 enacting tax measures designed to consolidate the public finances and urgent welfare measures. The purpose of this piece of legislation was to incorporate certain measures aimed at reducing the public deficit and correcting economic imbalances into Spanish legislation.

One of the measures taken in the corporate income tax arena affects the inclusion of the reversal of impairment losses on investments in subsidiaries that were tax deductible.

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Specifically, the impairment losses on investments that were deductible for tax purposes until 2013 and are still pending reversal must be reversed on an accelerated basis by including them, at a minimum, in taxable income in equal parts in each of the first five tax periods commencing on January 1, 2016.

The restatements recognized in 2016, shown in the table above, are mainly a consequence of this new regime. The tax losses originated by equity investments in subsidiaries will now only be tax deductible if a subsidiary is wound up or liquidated.

16. GUARANTEES EXTENDED

The Company had extended the following guarantees in the form of bank sureties at both reporting dates:

	YE 2017	YE 2016
Guarantees extended via banks		
Provided to courts and other bodies in relation to claims and tax deferrals	14,059	14,059
Provided to third parties to guarantee fulfilment of obligations arising in the ordinary course of business	770	770
Guarantees awarded directly by Ebro Foods, S.A.		
Guarantees given to banks to secure other companies' obligations	129,987	115,819

The guarantees extended to banks to secure other companies' obligations correspond mainly to the guarantees given by Ebro Foods, S.A. to its subsidiaries Herba Foods, S.L. (100%-directly owned), Ebro India, Ltda. (100%-indirectly owned), Ebro Financial Corporate Services, S.L. (100%-directly owned), Mundiriz, Ltda. (100%-indirectly owned) and Panzani, SAS (100%-directly owned) to secure their short- and medium-term credit facilities.

17. BALANCES WITH GROUP COMPANIES AND ASSOCIATES

Note 8 lists Ebro Foods, S.A.'s subsidiaries and associates. Transactions with associates did not result in material balances at either year-end.

The main transactions performed by the Company with group companies and associates in 2017 and 2016 are shown below:

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	2017		2016	
	Group companies	Associates	Group companies	Associates
External services	(578)	0	(600)	0
Employee benefits expense	0	0	0	0
Finance costs	(4,866)	0	(4,152)	0
Total purchases and expenses	(5,444)	0	(4,752)	0
Services rendered and other income	8,465	0	8,450	0
Finance income	11	0	2	0
Dividend income received	72,396	750	13,923	509
Total revenue and income	80,872	750	22,375	509

The resulting balances between Ebro Foods, S.A. and its group companies and associates at the respective year-ends are as follows:

AT DECEMBER 31, 2017						
BALANCES WITH SUBSIDIARIES AND ASSOCIATES	Non-current loans	Due from companies	Current loans	Balances payable		Due to companies
				Non-current	Current	
Panzani, SAS		523				
Herba Foods, S.L.		104				
Arotz Foods, S.A.		97		(29,363)		(15)
Ebro de Costa Rica, S.L.				(14,545)		
Ebro Riviana de Guatemala, S.L.				(9,330)		
Herba Ricemills, S.L.		2,770			(25,000)	(39)
Riviana Foods (Group)		1,015		(200,389)		(54)
Ebro Financial Corporate Services, S.L.		225		(205,850)	(300)	
Lassie Group (Netherlands)		237				
Jiloca, S.A.		176				
Fundación Ebro Foods					(300)	
Beira Terrace Soc. de Construções, Ltda.	2,004					
Sémola, SLR					(4,006)	
Other companies (minor balances)	0	471		0		(4)
	2,004	5,618	0	(459,477)	(29,606)	(112)

AT DECEMBER 31, 2016						
BALANCES WITH SUBSIDIARIES AND ASSOCIATES	Non-current loans	Due from companies	Current loans	Balances payable		Due to companies
				Non-current	Current	
Panzani, SAS		420				
Herba Foods, S.L.		183				
Arotz Foods, S.A.		112		(29,081)		
New World Pasta, Inc		357		(148,428)		
Ebro de Costa Rica, S.L.				(16,607)		
Ebro Riviana de Guatemala, S.L.				(10,476)		
Dosbio 2010, S.L.						(560)
Herba Ricemills, S.L.		2,544				(213)
Riviana Foods, Inc		560				(64)
Ebro Financial Corporate Services, S.L.		220		(203,350)		12
Lassie Group (Netherlands)		252				
Jiloca, S.A.		163				
Fundación Ebro Foods					(299)	
Beira Terrace Soc. de Construções, Ltda.	293					
Other companies (minor balances)	0	334		0	0	(3)
	293	5,145	0	(407,942)	(299)	(828)

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

All of these balances are denominated in euros, other than the balances payable to New World Pasta, Inc., Ebro de Costa Rica, S.L. and Ebro Riviana de Guatemala, S.L. which are denominated in US dollars.

The long-term loans payable do not carry any fixed maturity; accordingly, the Company has classified them as non-current as it does not expect to repay them in the short term. The balance payable to Riviana Foods, Inc. (this balance was payable to New World Pasta, Inc. before the merger) has a face value of 237 million US dollars at year-end 2017 (year-end 2016: 154 million US dollars); this loan is a hedge of an investment in an asset denominated in this same currency (note 9.2.c). It carries interest at 3m LIBOR + 90 basis points.

The Company has a current business account arrangement with most of its subsidiaries under which it guarantees coverage of all of their financing needs and, as required, remuneration of their cash surpluses, all of which at market interest rates.

18. RELATED-PARTY TRANSACTIONS

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The Company has not extended or received other guarantees in respect of accounts receivable from or payable to its related parties.

The Company did not write down any receivables due from related parties down for impairment in either reporting period. This assessment is undertaken each financial year by examining the financial situation of the related party and the market in which it operates.

18.1 Transactions with significant shareholders (or parties related thereto) of Ebro Foods, S.A. (excluding directors)

Note 12 lists the companies that have a significant equity interest in Ebro Foods, S.A.

There were no transactions between Ebro Foods, S.A. and its significant shareholders other than dividend payments (excluding directors, for whom the related disclosures are provided in note 18.2) in either reporting period.

18.2 Transactions with directors and executives (or parties related thereto) of Ebro Foods, S.A.

Ebro Foods, S.A. realized the following transaction with one of its directors in 2017 and 2016 outside the scope of the dividend and remuneration transactions disclosed in notes 18.3 and 18.7 (amounts in thousands of euros):

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

Name or company name of director	Relationship	Name or company name of the related party	Ebro Group company with which the transaction was performed	Type of transaction	2017 Amount	2016 Amount
Hernández Antonio	Callejas, Relative	Hernández González, Luis	Ebro Foods, SA	Lease (expense)	41	40
Hernández Antonio	Callejas, Company	Cardenal Ilundain 4, SL	Ebro Foods, SA	Lease (expense)	0	72

18.3 Other transactions with significant shareholders and directors/executives: dividends received from Ebro Foods, S.A.

Against the backdrop of the general dividend policy of Ebro Foods, S.A., the following amounts were paid in each reporting period (expressed in thousands of euros):

Dividends 2017 (2016):

- Dividends paid to significant shareholders: 12,700.22 (16,646)
- Dividends paid to directors and executives: 40,637.25 (31,038)

18.4 Related-party transactions

This note summarizes the transactions performed in 2017 between Ebro Foods, S.A. and "other related parties":

In 2017, under the scope of the general dividend policy of Ebro Foods, S.A., the latter paid "other related parties" (natural person representatives of legal person directors of the Board of Directors of Ebro Foods, S.A.) the sum of 2 thousand euros (2016: nil) in dividends.

18.5 Other disclosures

The next table itemizes the transactions entered into between Ebro Foods, S.A. and Riso Scotti S.p.A. (an associate that is not fully consolidated by the Ebro Group) in 2017 and 2016 (amounts in thousands of euros):

Ebro Group company with which the transaction was performed	Type of transaction	2017 Amount	2016 Amount
Herba Ricemills, SLU	Purchase of goods (finished and in-progress)	176	367
Herba Ricemills, SLU	Services rendered (income)	0	9
Herba Ricemills, SLU	Sale of goods (finished and in-progress)	103	204
Herba Ricemills, SLU	R&D transfers and license agreements	9	0
Herba Ricemills, SLU	Other income	5	0
Mundiriso, SRL	Purchase of goods (finished and in-progress)	185	0

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

Mundiriso, SRL	Sale of goods (finished and in-progress)	2,807	0
Arrozeiras Mundiarroz, SA	Purchase of goods (finished and in-progress)	51	0
Herba Ingredients BV	Purchase of goods (finished and in-progress)	59	0
Riceland Magyarorszag, KFT	Purchase of goods (finished and in-progress)	129	0
Ebro Foods, SA	Dividends received	750	509
Ebro Foods, SA	Services rendered (income)	6	0

Ebro Foods, S.A. holds a 40% shareholding in Riso Scotti S.p.A. The investment in this associate is accounted for using the equity method.

Mr. Antonio Hernández Callejas, Chairman of Ebro Foods, S.A., is a director of Riso Scotti, S.p.A.

18.6 Fiduciary duties: conflicts of interest and non-competete duty

In keeping with article 229 of Spain's Corporate Enterprises Act, this section of this note replicates the information provided to the Company by its directors, or by their natural person representatives as warranted, in keeping with their fiduciary duties, regarding their interests and positions held in/at companies with the same, analogous or complementary core business as that of Ebro Foods, S.A., irrespective of whether the former are part of the Ebro Foods Group.

- Grupo Tradifín, S.L.:
 - Direct 50% interest in Instituto Hispánico del Arroz, S.A. Also the CEO.
 - Direct shareholding of 100% in Cabher 96, S.L. Sole director.
- Ms. Blanca Hernández Rodríguez (the natural person who represents Grupo Tradifín, S.L. on the Board of Directors of Ebro Foods, S.A.):
 - Indirect interest in Instituto Hispánico del Arroz, S.A. of 16.625% through the 33.25% interest held directly in Grupo Tradifín, S.L. She does not hold a position at this company.
 - Indirect interest in Cabher 96, S.L. of 33.25% through the 33.25% interest held directly in Grupo Tradifín, S.L. She does not hold any position at this company.
- Heralianz Investing Group, S.L.:
 - Direct 50% interest in Instituto Hispánico del Arroz, S.A. Also the CEO.

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

- Mr. Félix Hernández Callejas (the natural person who represents Heralianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A.):
 - Indirect interest of 16.666% in Instituto Hispánico del Arroz, S.A. through the 33.333% interest held directly in Heralianz Investing Group, S.L. Also the CEO.
- Mr. Antonio Hernández Callejas:
 - Indirect interest of 16.666% in Instituto Hispánico del Arroz, S.A. through the 33.333% interest held directly in Heralianz Investing Group, S.L. He does not hold a position at this company.

It is additionally noted that Dr. Rudolf-August Oetker, a board member until June 1, 2017, held a direct interest of 12.5% in Dr. August Oetker KG, an investee at which he held the position of Advisory Board Chairman.

The directors of Ebro Foods, S.A. (or their natural person representatives, as warranted) did not perform any transactions with the Company outside of its ordinary course of business or other than on an arm's length basis in either reporting period.

The directors have not informed the Company of any direct or indirect potential conflicts of interest between them or their related parties and the Company other than those disclosed in this note.

18.7 Director and executive remuneration

Director remuneration.- The remuneration accrued by the members of the Board of Directors of Ebro Foods, S.A. totaled 5,528 thousand euros in 2017 (2016: 5,667 thousand euros), broken down as follows (in thousands of euros):

DIRECTOR REMUNERATION AND OTHER BENEFITS	2017	2016
TYPE OF REMUNERATION		
Meeting attendance fees	272	282
Bylaw-stipulated profit-sharing	2,728	2,728
Total director remuneration	3,000	3,010
Wages, salaries and professional fees	2,528	2,657
Termination and other benefits	0	0
Total executive director remuneration	2,528	2,657
TOTAL REMUNERATION	5,528	5,667
OTHER BENEFITS		
Life insurance and post-employment benefits	0	0

EBRO FOODS, S.A.**Notes to the financial statements for the year ended December 31, 2017
(Thousands of euros)**

The Company's bylaws stipulate remuneration of up to 2.5% of consolidated net profit for the year provided that the required appropriations to the legal reserve have been made and the minimum shareholder dividend established in prevailing legislation has been declared (currently 4% of the par value of the shares).

At a meeting held on February 28, 2018, the Board of Directors resolved, at the recommendation of its Nomination and Remuneration Committee:

(i) to leave the by-law stipulated remuneration unchanged year-on-year, specifically implying submission at the Annual General Meeting of a motion to pay a sum of 2,728 thousand euros, which is equivalent to 1.236% of consolidated profit attributable to equity holders of the parent in 2017 (compared to 1.61% of 2016 profit); and

(ii) to leave attendance fees at 1,600 euros per Board meeting and 800 euros for attendance at the meetings of its various committees.

The individual breakdown of director remuneration earned in 2017 (in thousands of euros) is provided below:

Director	By-law stipulated profit-sharing	Attendance fees	Fixed remuneration for performance of executive duties	Variable remuneration for performance of executive duties	Total payment
Hernández Callejas, Antonio	447	23	1,027	1,501	2,998
Carceller Arce, Demetrio	411	30			441
Alimentos y Aceites, S.A.	140	18	0	0	158
Barreiro Pérez-Pardo, Belén (Director since January 25, 2017)	174	22	0	0	196
Castelló Clemente, Fernando	182	29	0	0	211
Comenge Sánchez-Real, José Ignacio	178	22	0	0	200
Corporación Económica Delta, S.A. (Director since June 28, 2017)	82	10	0	0	92
Costa García, Mercedes	181	22	0	0	203
Empresas Comerciales e Industriales Valencianas, S.L	140	14	0	0	154
Fernández Alonso, Javier (Director since January 25, 2017)	307	22	0	0	329
Grupo Tradifin, S.L.	207	29	0	0	236
Hercalanz Investing Group, S.L. (*)	168	18	0	0	186
Oetker, August (Director until June 1, 2017)	58	8	0	0	66
Segurado García, José Antonio (Director until February 16, 2017)	53	5	0	0	58
TOTAL	2,728	272	1,027	1,501	5,528

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

- (*) Hercalanz Investing Group, S.L. did not perform either executive or management duties at Ebro Foods, S.A. or at any subsidiary and therefore did not receive any remuneration in this respect. It is categorized as an executive director based on the fact that the natural person representing this entity on the Board of Directors of Ebro Foods, S.A. is an executive at an Ebro Group subsidiary.

The director remuneration itemized in the table above includes the amounts received by the following directors since they became members of the Board of Directors on the dates indicated below:

- Remuneration received by Ms. Belén Barreiro Pérez-Pardo since January 25, 2017.
- Remuneration received by Mr. Javier Fernández Alonso since January 25, 2017.
- Remuneration received by Corporación Económica Delta, S.A. since June 28, 2017.

By the same token, this same table reflects the remuneration received by José Antonio Segurado García and Dr. August Oetker until they ceased to be directors with effect from February 16, 2017 and June 1, 2017, respectively.

Of the total variable remuneration earned by the Chairman of the Board of Directors for performance of executive duties in 2017, 485 thousand euros correspond to the Deferred Annual Bonus Scheme tied to the Group's 2013-2015 Business Plan in respect of 2015. That sum represented up to 50% of the deferred bonus entitlement accrued over the term of the three-year scheme, which was provided for in the 2015 financial statements and settled in 2017.

Elsewhere, in relation to the total remuneration earned by the Chairman of the Board of Directors for the performance of his executive duties in 2017, the 2017 financial statements recognize a provision of 788 thousand euros in respect of the provisional estimate of the amount corresponding to 2017 under the Deferred Annual Bonus Scheme tied to the Group's 2016-2018 Plan, which represents up to 25% of the deferred bonus entitlement expected to be accrued during the three-year period. This figure will be paid in 2019.

These bonus schemes are not tied to Ebro Foods' share price performance nor do they entitle their beneficiaries to the receipt of shares or any rights over such shares.

Elsewhere, none of the members of the Board of Directors benefits from complementary life insurance or pension cover. Moreover, the Company neither extended any form of credit or advances to the members of its Board of Directors nor assumed any obligations on their behalf under guarantees.

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

Officer remuneration.- A total of 10 people were considered officers of Ebro Foods, S.A. (excluding the Chairman of the Board of Directors) at both year-ends; in 2017 these executives accrued aggregate remuneration (wages and salaries) of 2,219 thousand euros (2,164 thousand euros in 2016).

“Officers” are the professionals responsible for Ebro Foods, S.A.'s most important departments regardless of whether they have special senior management employment agreements with the Company.

In 2017, the team of officers (excluding the Chairman of the Board of Directors) of Ebro Foods, S.A. covered by the Deferred Annual Bonus Scheme tied to the Group's 2013-2015 Business Plan were paid 124 thousand euros corresponding to 2015, a figure representing 50% of the bonuses earned during the three-year term of the scheme that had been provisioned in the 2015 financial statements.

Meanwhile, in relation to the team of officers (excluding the Chairman of the Board of Directors) of Ebro Foods, S.A. covered by the Deferred Annual Bonus Scheme tied to the Group's 2016-2018 Business Plan, the 2017 financial statements recognize a provision of 166 thousand euros in respect of the provisional estimate of the amount corresponding to 2017 under the scheme, which represents up to 25% of the deferred bonus entitlement expected to be accrued during the three-year period. This sum will be paid in 2019, in keeping with the plan rules.

Although two officers' employment contracts include guaranteed payment clauses in the event of dismissal or change of control, those clauses are no longer applicable under the terms governing those same contracts.

Note lastly for the record that Ebro Foods, S.A. has taken out civil liability insurance cover for its directors and officers; these policies cover all of its subsidiaries up to an annual claims cap of 45 million euros. The policies cost 65 thousand euros in 2017 (60 thousand euros in 2016), are effective until April 30, 2018 and are currently in the process of being renewed.

19. OTHER DISCLOSURES

a) Foreign-currency transactions

The Company usually transacts in euros, other than the dollar-denominated borrowing arrangements described in notes 13 and 17.

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

b) Workforce structure

	At year-end		Average
	Male	Female	Total
2017			
Executives	9	3	12
Middle managers	19	10	29
Clerical staff	9	9	19
	<u>37</u>	<u>22</u>	<u>60</u>

As required under article 260 of the Corporate Enterprises Act, the Company hereby discloses that the average number of people employed during the year with a disability of a severity of 33% or higher was one (man) in the 'Clerical staff' category.

	At year-end		Average
	Male	Female	Total
2016			
Executives	9	3	12
Middle managers	16	11	27
Clerical staff	11	9	20
	<u>36</u>	<u>23</u>	<u>59</u>

c) Audit fees

The fees paid for account auditing and other services to the Company's auditor, Ernst & Young, S.L., and entities related to the latter by means of control, joint ownership or joint management, in 2017 and 2016 were as follows:

- The fees corresponding to auditing services provided in 2017 amounted to 186 (2016: 124) thousand euros; those corresponding to other assurance services amounted to 54 (2016: 91) thousand euros.
- The fees for tax advisory and and/other services totaled 170 (2016: 46) thousand euros.

d) Environmental disclosures

The activities carried on by the various Ebro Foods Group companies require investments to manage and control their environmental risks.

Investments that increase the capacity of their facilities and machinery are capitalized and depreciated on a straight-line basis over their estimated useful life. Ebro Foods, S.A., in its capacity as the group's holding company, does not directly undertake this effort; rather its group companies make and incur the required environmental investments and expenditure.

EBRO FOODS, S.A.

Notes to the financial statements for the year ended December 31, 2017 (Thousands of euros)

The work performed on this front in recent years has been very broad but has focused above all on ensuring adequate control of wastewater discharges, combustion gas and dust emissions and inert solid and organic waste and rubbish generation.

The Company's directors believe there are no significant environmental protection or enhancement contingencies and therefore, have not deemed it necessary to record any related provisions.

e) Disclosures regarding average supplier payment terms

The Company paid its suppliers at 26 days on average in 2017 (2016: 21 days).

	2017	2016
	Days	Days
Average supplier payment term	26	21
Paid transactions ratio	26	21
Outstanding transactions ratio	99	4
	Thousands of euros	Thousands of euros
Total payments made	9,170	12,672
Total payments outstanding	1	60

f) For the purposes of compliance with the obligation stipulated in article 42 bis of Regulation 1065/2007, of July 27, 2007, enacting the general regulations governing tax management and inspections and establishing common procedural rules in respect of tax matters, and in keeping with the terms of article 4.b of the said article, there follows a list of the accounts with foreign financial institutions held by non-resident subsidiaries:

COMPANY	Semola, S.r.l.	Ebro México, S.A.	Ebro México, S.A.	Beira, Ltd (Portugal)
Account particulars	IBAN	SWIFT CODE BCMRMXMM	SWIFT CODE BCMRMXMM	IBAN
Account code	IT39D0350003205000000037267	187408390	187409842	PT50001802310020003728217
Credit institution	Ubi Banco di Brescia SpA	BBVA BANCOMER, S.A.	BBVA BANCOMER, S.A.	SANTANDER TOTTA
Branch	Rome	Mexico City	Mexico City	Lisbon
Country in which account is held	Italy	Mexico	Mexico	Portugal
Date opened	April 2013	Aug 7, 2011	Aug 7, 2012	2001
Balance at Dec. 31 (euros)	74,016.82	197,723.82	240,033.92	871,429.59
Average balance fourth quarter (euros)	82,046.84	298,674.45	248,922.34	875,831.86
% interest	100%	100%	100%	100%
Currency	EUR	MXP	USD	EUR

20. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events or developments between the end of the reporting period and the date of authorizing the accompanying financial statements for issue.

EBRO FOODS, S.A.

2017 Management report (Thousands of euros)

1. COMPANY SITUATION

Ebro Foods S.A. is the parent of the Ebro Foods Group, Spain's largest food group. Through its subsidiaries, it commands a presence in the rice and pasta markets in Europe and North America, as well as a growing presence in other countries.

As a holding company, its overriding objective is to lead, coordinate and foster the development of the Group it heads up, whose strategy is articulated around the provision of healthy food solutions to consumers that enable it to differentiate its brands by means of innovation and new product and format development.

The Ebro Foods Group articulates its management around business segments that combine business activities and their geographic location. Its two key business lines are the production and distribution of pasta and rice and their culinary derivatives and accompaniments. Geographically, it is structured into four major regions: North America, Spain, Europe & RoW.

Decision-making is spearheaded by the Board of Directors, which is ultimately responsible for defining the Company's general strategy and management guidelines. The Board delegates certain tasks in its Executive Committee, including, notably, monitoring and oversight of delivery of the strategic and corporate development guidelines, while the Management Committee, on which the heads of the various business areas are represented, is tasked with monitoring and preparing the decisions taken at the management level.

The Annual Corporate Governance Report contains detailed information on the Group's ownership and governance structure.

The Management Report accompanying the consolidated financial statements provides detailed coverage of key trends in and the performance of the various segments and businesses that comprised the Ebro Food Group in 2017.

2. BUSINESS PERFORMANCE OF EBRO FOODS, S.A.

Ebro Foods, S.A.'s key sources of revenue are the dividends paid by its subsidiaries, the services it provides to these subsidiaries and certain real estate transactions. Its expenditure relates mainly to staff costs and the financial cost of the borrowings taken on in its capacity as parent of the Ebro Foods Group. In addition, depending on developments with respect to the value of its investments in its subsidiaries, it recognizes and reverses impairment provisions on its portfolio of investees as required. Recurring revenue and expenditure were flat year-on-year.

Operating profit amounted to 63,291 thousand euros in 2017, compared to 14,404 thousand in 2016. The increase in operating profit is primarily attributable to the growth in dividend income from subsidiaries (note 8), offset by lower gains on the sale of investment properties (note 7).

EBRO FOODS, S.A.

2017 Management report (Thousands of euros)

Net finance expense amounted to 4,456 thousand euros, compared to 674 thousand in 2016. The difference relates to an increase in the financial cost of the Company's liabilities; a drop in the reversal of impairment provisions on investments in group companies; all offset by net exchange gains on the liabilities denominated in US dollars as a result of the trend in this currency during the year.

Profit after tax accordingly amounted to 58,101 thousand euros, compared to 13,382 thousand euros in 2016.

The most significant developments last year related to its activity as parent of the Ebro Foods Group were the following:

Key investments and exits concluded by the Group

Note 8 to the financial statements lists Ebro Foods, S.A.'s direct investments in group companies and associates. The main transactions coordinated by Ebro Foods, S.A. in 2017:

Investment in Vegetalia:

The Company acquired 100% of the shares of Vegetalia, S.L. and Corporacio Alimentaria Satoki, S.L. (together, "Vegetalia"), through its wholly-owned subsidiary, Panzani, on January 23, 2017. Vegetalia is devoted to the production and distribution of a broad range of organic products. It pioneered the manufacture of plant protein. Its product range includes fresh organic produce, dry organic foods, organic drinks and diet products. The acquisition price was €15 million.

Investment in Geovita:

In July 2017, the Group acquired 52% of the share capital of the Geovita Group of Italy, whose parent company is Geovita Funtional Ingredients, S.r.l.: The Geovita Group is a leading producer and seller of pulses, rice and fast-cooking grains and offers highly-innovative solutions.

Geovita has three factories, all of which in Italy, specifically in Bruno, San Giovanni Lupatoto and Villanova Monferrato, and a headcount of 94. The Group paid 20,000 thousand euros for its 52% interest, 16,500 thousand euros of which was paid in 2017; payment of the remaining 3,500 thousand euros is subject to delivery of certain targets between 2017 and 2019.

In addition, it has arranged a call option of the remaining 48% (exercisable by the other shareholder over a 10-year period from July 2021). The acquisition price in the event this option is exercised will be determined as a function of the target's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature.

EBRO FOODS, S.A.

2017 Management report (Thousands of euros)

Investment in Transimpex:

In September 2017, through its German subsidiary, Ebro Foods, GmbH., the Company directly acquired 55% of Germany's Transimpex, GmbH., also committing to acquire the outstanding 45%. This company is devoted to the production and sale of rice and pulses, mainly in Europe. It has a small factory in Ludwigshafen (Germany) and 44 employees.

The total investment for 100% of Transimpex amounted to 23,622 thousand euros, of which 9,361 thousand euros was paid in 2017. The Group has committed to pay the outstanding 14,261 thousand euros three years from the close, by September 30, 2020, from which date the sellers are free to exercise their put option at the amount of agreed deferred consideration plus 45% of retained earnings since the date of acquisition.

3. EMPLOYEE AND ENVIRONMENTAL DISCLOSURES

Human capital

Ebro Food's ultimate objective on the labor front is to foster mutually-beneficial labor relations, by making its employees feel vested in the organization, encouraging their career development, promoting equal opportunities and taking a zero-tolerance stance on discrimination and establishing, in a nutshell, a tranquil workplace climate.

Each of the Group companies is governed by the labor legislation prevailing in the countries in which it does business. In addition, the bigger subsidiaries have formulated their own human resource policies that regulate relations between management and employees. Above all of these policies, and notwithstanding the terms of the collective bargaining agreements of the various companies comprising the Ebro Foods Group, there is a corporate Code of Conduct designed not only to ensure the ethical and responsible conduct of the professionals of all Ebro Foods Group companies on the job but also to serve as a guide for defining employment policies and safeguards, workplace health and safety policy, training issues and the principles for guaranteeing the absence of discrimination and the promotion of diversity and equality in hiring decisions.

The key staff disclosures are provided in notes 18.7 and 19 of the accompanying financial statements.

Environmental disclosures

Although the Company's business activities do not imply environmental consequences *per se*, one of Ebro Foods's basic management commitments is to provide its companies with the tools and measures needed to strike an optimal balance between their business activities and environmental protection. Refer to note 19.d to the financial statements for additional information.

4. LIQUIDITY AND FINANCING

Ebro Foods, S.A. manages the Group's financing requirements in respect of strategic matters such as dividend policy and the Group's organic growth. To this end it relies on the cash generated by its subsidiaries which act as guarantors on the long-term loans taken on to facilitate this role.

The Management Report accompanying the consolidated financial statements provides an in-depth overview of the Group's liquidity and financial position.

5. BUSINESS RISK MANAGEMENT TARGETS AND POLICIES

Ebro Foods, in its capacity as the parent of a group of companies, is indirectly exposed to risks affecting its subsidiaries via the valuation of its investment portfolio and the amount of dividends they distribute. The business activities performed by the Ebro Foods Group companies are carried out in an environment shaped by exogenous factors that could influence their business and financial performances.

These risks are mainly environmental, business, financial, borrowings, labor and technology related. These risks and the measures taken to identify, manage and mitigate them are described in detail in both the Management Report accompanying the consolidated financial statements and in the Group's Annual Corporate Governance Report.

On the basis of the main risks identified each year, management assesses the instruments in place for mitigating them and the main associated processes and controls.

Financial risk management and use of financial instruments

The main financial instruments used are bank loans, bank overdraft facilities, cash and short-term deposits. The overriding goal of using these instruments is to expand the sources of financing available to the Group.

In the past, the Company has written derivatives to hedge interest and exchange rate risk. It is Company policy not to use financial instruments for speculative purposes.

The main risks arising from the financial instruments used are credit risk, cash flow interest rate risk, liquidity risk and foreign currency risk.

The Board of Directors reviews and establishes the policies put in place for managing each of these risks, while the Finance Department identifies and manages them with a view to minimizing or ring-fencing their potential impact on the Group's performance.

EBRO FOODS, S.A.

2017 Management report (Thousands of euros)

Credit risk

Ebro Foods, S.A.'s exposure to credit risk is not significantly concentrated. Moreover, it deposits its cash and arranges its financial instruments with highly solvent and creditworthy financial institutions.

Cash flow interest rate risk

The Company is exposed to changes in market interest rates, mainly on account of its non-current payment obligations arranged at floating rates of interest.

The policy deployed to minimize this risk is to combine floating and fixed rates and to strive to achieve a well-balanced debt structure so as to reduce borrowing costs while containing volatility. To this end it tracks interest rate trends with the help of external experts. Whenever deemed necessary, Ebro Foods, S.A. arranges interest rate derivatives.

Foreign currency risk

As a result of the investments made in the US, the carrying amounts of the Company's assets and liabilities are significantly exposed to changes in the USD / EUR exchange rate. It has mitigated this structural exchange-rate risk by denominating specific borrowings in this currency. In this manner, it has hedged the majority of its US investments.

Foreign currency risk also arises from the purchases and sales made by the various subsidiaries in currencies other than the functional currency. In this instance, the subsidiaries themselves arrange their own forward contracts or other exchange rate hedges, in keeping with Group policy.

Liquidity risk

Ebro Foods, S.A.'s objective is to maintain a balance between continuity of funding and flexibility through the use of renewable credit facilities, bank loans and short-term deposits.

6. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events or developments between the end of the reporting period and the date of authorizing the accompanying financial statements for issue.

7. BUSINESS OUTLOOK

Ebro Foods' earnings performance going forward will depend on the dividends received from its subsidiaries, the gains recognized on properties deemed non-core and the finance costs incurred on the debt taken on to finance its assets.

EBRO FOODS, S.A.

2017 Management report (Thousands of euros)

The Company's directors believe that the dividends declared by its subsidiaries will be sufficient to enable Ebro Foods to fund an adequate shareholder remuneration policy.

8. R&D

R&D initiatives are shaped by the subsidiaries' strategic initiatives (to which end we refer the reader to the Management Report accompanying the consolidated financial statements).

9. OWN SHARE TRANSACTIONS

In 2017, the Parent had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meeting held on June 3, 2015 for a period of five years (and duly notified to the CNMV in keeping with prevailing legislation). In 2017, the Company bought back 51,673 shares, sold 25,000 and delivered 26,673 own shares to employees. The Company did not hold any own shares as treasury stock at December 31, 2017.

10. OTHER RELEVANT DISCLOSURES

Average payment period

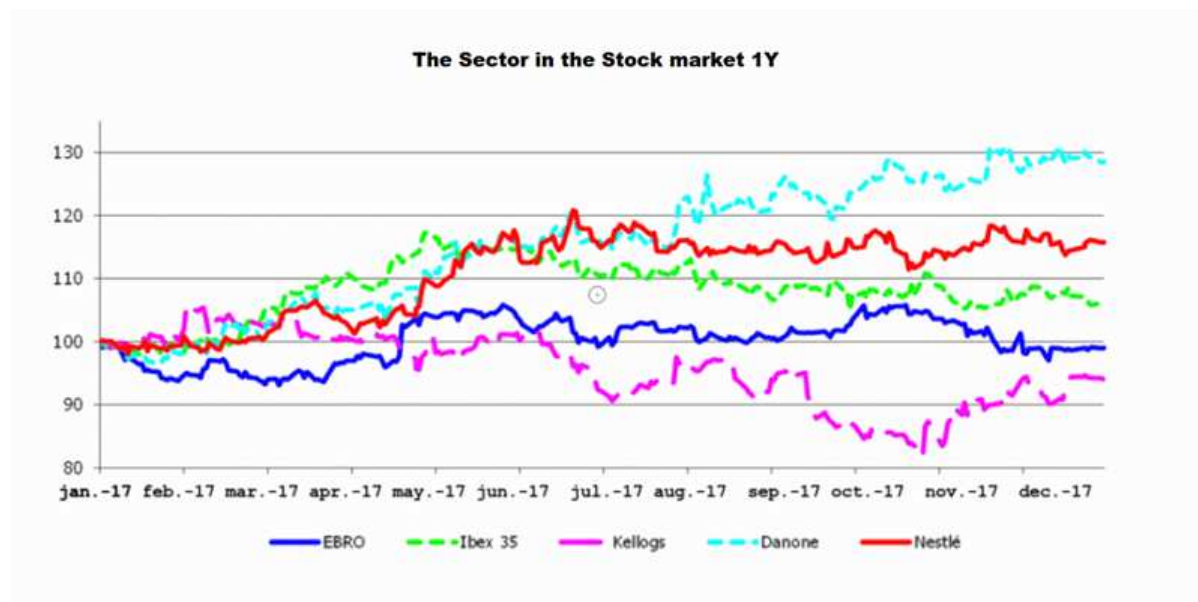
The Company paid its suppliers at 26 days on average in 2017.

	2017	2016
	Days	Days
Average supplier payment term	26	21
Paid transactions ratio	26	21
Outstanding transactions ratio	99	4
	Amount (thousands of euros)	Amount (thousands of euros)
Total payments made	9,170	12,676
Total payments outstanding	1	60

EBRO FOODS, S.A.

2017 Management report (Thousands of euros)

Share price performance



On June 1, 2017, it was resolved to pay a cash dividend against unrestricted reserves and 2016 profits of 0.57 euros per share over the course of 2017. This dividend was paid in three instalments on April 3, June 30 and October 2, 2017.

ANNEX 1

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

DETAILS OF ISSUER

YEAR ENDED	31/12/2017
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TAX REGISTRATION NUMBER	A47412333
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NAME
EBRO FOODS, S.A.

REGISTERED OFFICE
PASEO DE LA CASTELLANA 20 - 3 rd AND 4 th FLOORS - MADRID

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

A OWNERSHIP STRUCTURE

A.1 Complete the following table on the capital of the company:

Date latest modification	Capital (€)	Number of shares	Number of voting rights
11/06/2002	92,319,235.20	153,865,392	153,865,392

Indicate whether there are different classes of shares with different associated rights:

YES NO

A.2 Give details on the direct and indirect holders of significant interests in your company at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights	Interest / total voting rights (%)
SOCIEDAD ANÓNIMA DAMM	0	17,705,610	11.51%
CORPORACIÓN FINANCIERA ALBA, S.A.	18,467,963	0	12.00%
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	15,940,377	10.36%

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of voting rights
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DELTA, S.A.	17,705,610
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	15,940,377

Indicate the principal movements in the shareholding structure during the year:

A.3 Complete the following tables on board members with voting rights in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights held
ANTONIO HERNÁNDEZ CALLEJAS	30	68,006	0.04%
FERNANDO CASTELLÓ CLEMENTE	2,307,828	0	1.50%
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	3,030	4,500,000	2.99%
ALIMENTOS Y ACEITES, S.A.	15,940,377	0	10.36%
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.U.	12,042,637	0	7.83%
GRUPO TRADIFÍN, S.L.	12,248,809	0	7.96%
HERCALIANZ INVESTING GROUP, S.L.	12,248,809	0	7.96%
BELÉN BARREIRO PÉREZ-PARDO	10	0	0.00%
CORPORACIÓN ECONÓMICA DELTA, S.A.	17,705,610	0	11.51%

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights
ANTONIO HERNÁNDEZ CALLEJAS	ANTONIO HERNÁNDEZ GONZÁLEZ	30,873
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	37,133
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	4,600,000
Total % of voting rights held by board members		50.15%

Complete the following tables on board members with stock options in the company:

- A.4 Indicate family, commercial, contractual or corporate relationships among significant shareholders known to the company, if any, except any that are insignificant and those deriving from ordinary commercial business:

Name of related parties
SOCIEDAD ANÓNIMA DAMM
CORPORACIÓN ECONÓMICA DELTA, S.A.

Type of relationship: Corporate

Brief description:

Sociedad Anónima Damm holds a direct interest of 99.99% in Corporación Económica Delta, S.A.

Name of related parties
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES
ALIMENTOS Y ACEITES, S.A.

Type of relationship: Corporate

Brief description:

Sociedad Estatal de Participaciones Industriales (SEPI) holds a direct interest of 91.9625% in Alimentos y Aceites, S.A.

- A.5 Describe the commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

Name of related parties
SOCIEDAD ANÓNIMA DAMM
HERBA RICEMILLS, S.L.U.

Type of relationship: Commercial

Brief description:

During 2017, Herba Ricemills, S.L.U., a subsidiary of the Ebro Foods Group, sold rice and rice by-products to two subsidiaries of the significant shareholder Sociedad Anónima Damm on arm's length terms.

See section D.2 of this Report.

- A.6 State whether the company has been notified of any shareholders' agreements that may affect it pursuant to sections 530 and 531 of the Corporate Enterprises Act. If any, describe them briefly and list the shareholders bound by the agreement:

YES NO

Indicate and describe any concerted actions among company shareholders of which the company is aware:

YES NO

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that has taken place during the year.

A.7 Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of section 4 of the Securities Market Act and identify it/them if appropriate:

YES NO

Comments

A.8 Complete the following tables on the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Treasury stock/capital (%)
0	0	0.00%

(*) Through:

Describe any significant variations during the year, according to the provisions of Royal Decree 1362/2007:

Explain the significant variations

A.9. Indicate the term and conditions of the authorisation granted by the General Meeting to the Board to buy or sell own shares

The Annual General Meeting of Shareholders held on second call on 3 June 2015 resolved, under item twelve on the agenda, to authorise the Board of Directors to buy back own shares and reduce the company's capital and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in law.

a. Conditions of the authorisation

To authorise the board of directors, with the power to delegate, to buy back shares in Ebro Foods, S.A., directly or through its subsidiaries, by purchase, swap or under any other title and on one or several occasions, on the terms and conditions established in sections 146 et seq and sections 509 et seq of the Corporate Enterprises Act, and the following conditions::

- The par value of the shares purchased directly or indirectly, together with those already held by the company or its subsidiaries, shall not exceed 10% of the subscribed capital.

- The buy-back, when added to the shares previously acquired by the company, or any person acting in his own name but on behalf of the company, and held as treasury stock, shall not have the effect of reducing equity to below the amount of the capital plus the legal or restricted statutory reserves. For this purpose, equity shall be the amount considered as such according to the principles for drawing up the annual accounts, less the amount of gains attributed directly thereto, plus the amount of uncalled subscribed capital and the par value and share premium of the subscribed capital recognised in liabilities.

- The shares thus acquired shall be fully paid up.

- The cap and floor values for buy-back shall be the market value of the shares on an official secondary market at the date of buy-back and a value equivalent to the par value of the own equity instruments acquired, respectively.

b. Contents of the authorisation

- To authorise the Board, by direct resolution or delegation to the Executive Committee, or by delegation to such person or persons as the Board may authorise for this purpose, to buy back own shares to hold them in its treasury stock, dispose of them or, as the case may be, put a motion to the General Meeting for their redemption, within the legal limits and complying with the conditions established in this resolution.

This authorisation is also extended to the possibility of buying back own shares for delivery, on one or several occasions, to the company or group employees, directly or following exercise of their option rights, pursuant to section 146.1(a), third paragraph, of the Corporate Enterprises Act..

It is also extended to acquisitions of shares in Ebro Foods, S.A. by its subsidiaries.

- To authorise the Board to reduce the capital in order to redeem the own equity instruments purchased by the company or other companies in its group against the capital (for their par value) and unrestricted reserves (for the cost of the acquisition in excess of that par value), by such amounts as it may deem fit from time to time and up to the maximum own shares held at any time.

- To delegate to the board to implement the aforesaid resolution to reduce the capital, which it may do on one or several occasions or declare it null and void, within a period not exceeding 5 years from the date of this General Meeting (3 June 2015), taking such actions for this purpose as may be necessary or required by law.

The Board is especially authorised so that it may, within the times and limits indicated in this resolution, proceed to: (i) make or declare void the reduction of capital, naming if appropriate the specific date(s) of the transactions, taking account of any internal or external factors that may influence this decision; (ii) specify in each case the amount by which the capital is reduced; (iii) determine the destination of the amount of the reduction of capital; (iv) in each case adjust Articles 6 ("Capital") and 7 ("Shares") of the Articles of Association to reflect each new amount of capital and new number of shares; (v) apply in each case for delisting of the redeemed shares; and (vi) in general adopt such resolutions as may be considered necessary for redemption and the consequent reduction of capital, designating who is to put it on record.

c. Term of the authorisation

The authorisation contemplated in this resolution is granted for a maximum of five years from the date of the General Meeting (3 June 2015) and covers all transactions in own equity instrument made hereunder, without requiring reiteration for each acquisition made. It also covers any provisions or earmarking of reserves made in accordance with the Corporate Enterprise Act.

The resolutions adopted at the Annual General Meeting of 3 June 2015 regarding treasury stock, reduction of capital and delegation to the Board rendered void in the unused amount those adopted in this regard at the Annual General Meeting held on 15 June 2011. They remain in force, not having been since revoked.

A.9.bis. Estimated free float:

	%
Estimated free float	37.85

A.10 Indicate any constraints on the transferability of shares and/or any restrictions on voting rights. In particular, indicate the existence of any constraint or limitation that may hamper takeover of the company through the acquisition of its shares on the market.

YES NO

A.11 Indicate whether the General Meeting has resolved to apply the breakthrough rule against a takeover bid, under Act 6/2007:

YES NO

If so, explain the measures approved and the terms on which the restrictions will become ineffective:

A.12 State whether the company has issued any shares that are not traded on an EU regulated market.

YES NO

If appropriate, indicate the different classes of shares and the rights and obligations conferred for each class.

B. GENERAL MEETING

B.1 Indicate whether there are any differences between the quorums established for General Meetings and the minimums stipulated in the Corporate Enterprises Act and, if any, explain.

YES NO

B.2 Indicate whether there are any differences in respect of the system stipulated in the Corporate Enterprises Act for adopting corporate resolutions and, if any, explain.

YES NO

What differences exist in respect of the system stipulated in the Corporate Enterprises Act?

B.3 Indicate the rules for alteration of the company's articles of association. In particular, indicate the majorities stipulated for altering the articles of association and the rules, if any, protecting shareholders' rights in any alteration of the articles.

There are no requirements for altering the Articles of Association other than those stipulated in the Corporate Enterprises Act.

B.4 Give details of attendance of general meetings held during the year of this report and the previous year:

Date General Meeting	Details of Attendance				Total
	% in person	% by proxy	% distance voting		
			Electronic vote	Others	
01/06/2016	19.94%	55.85%	0.00%	0.00%	75.79%
01/06/2017	20.68%	44.90%	0.00%	11.87%	77.45%

B.5 Are any restrictions are established in the articles of association requiring a minimum number of shares to attend general meetings?

YES NO

B.6 Repealed.

B.7 Indicate the address and access to the company's website and where to find information on corporate governance and other information on general meetings that must be made available to shareholders through the company's website.

The corporate website of Ebro Foods (<http://www.ebrofoods.es/en/>) is set up as a vehicle of information, continuously and permanently updated for shareholders, investors and markets in general.

In this respect, the home page includes a specific section called "Information for shareholders and investors", which contains all the information required under the applicable legal provisions.

Pursuant to current legislation, this section includes the chapter on Corporate Governance at the following address:

<http://www.ebrofoods.es/en/information-for-shareholders-and-investors/corporate-governance/regulations-of-the-general-meeting/>

That section includes all the information that the company makes available to shareholders for general meetings, specifically at <http://www.ebrofoods.es/en/information-for-shareholders-and-investors/corporate-governance/general-meeting-of-shareholders-exercise-of-the-right-to-information/> and <http://www.ebrofoods.es/en/information-for-shareholders-and-investors/corporate-governance/general-shareholders-meeting-2017/>. There is also a direct link to the General Meeting of this year from the home page (<http://www.ebrofoods.es/en/>).

The Corporate Governance chapter is structured in the following sub-sections:

- Regulations of the General Meeting
- General Meeting of Shareholders: exercise of the right to information
- General Shareholders' Meeting
- Board of Directors
- Regulations of the Board
- Annual Corporate Governance Report
- Remuneration of Directors
- Board Committees
- Internal Code of Market Conduct
- Shareholders' Forum

The contents of this chapter are structured and hierarchical, with a concise, explanatory title, to permit rapid, direct access to each section in accordance with legal recommendations, at less than three clicks from the home page.

All these sections have been designed and prepared according to the principle of easy access, aiming to enable fast location and download of the required information.

The corporate website offers all the information in this section in Spanish and English.

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1 Board of Directors

C.1.1 State the maximum and minimum numbers of directors stipulated in the articles of association:

Maximum number of directors	15
Minimum number of directors	7

C.1.2 Give details of the board members:

Name of director	Representative	Category of director	Position on Board	Date first appointment	Date latest appointment	Election procedure
DEMETRIO CARCELLER ARCE		Proprietary	VICE-CHAIRMAN	01/06/2010	04/06/2014	RESOLUTION PASSED AT AGM
ANTONIO HERNÁNDEZ CALLEJAS		Executive	CHAIRMAN	24/01/2002	04/06/2014	RESOLUTION PASSED AT AGM
FERNANDO CASTELLÓ CLEMENTE		Independent	DIRECTOR	29/05/2012	04/06/2014	RESOLUTION PASSED AT AGM
MERCEDES COSTA GARCÍA		Independent	DIRECTOR	27/07/2016	01/06/2017	RESOLUTION PASSED AT AGM
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL		Independent	LEAD INDEPENDENT DIRECTOR	29/05/2012	04/06/2014	RESOLUTION PASSED AT AGM
ALIMENTOS Y ACEITES, S.A.	CONCEPCIÓN ORDÍZ FUERTES	Proprietary	DIRECTOR	23/07/2004	04/06/2014	RESOLUTION PASSED AT AGM
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.U.	JAVIER GÓMEZ-TRENOR VERGÉS	Proprietary	DIRECTOR	18/12/2013	04/06/2014	RESOLUTION PASSED AT AGM
GRUPO TRADIFÍN, S.L.	MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	Proprietary	DIRECTOR	21/12/2016	01/06/2017	RESOLUTION PASSED AT AGM

HERCALIANZ INVESTING GROUP, S.A.	FÉLIX HERNÁNDEZ CALLEJAS	Executive	DIRECTOR	21/12/2016	01/06/2017	RESOLUTION PASSED AT AGM
BELÉN BARREIRO PÉREZ-PARDO		Independent	DIRECTOR	25/01/2017	01/06/2017	RESOLUTION PASSED AT AGM
JAVIER FERNÁNDEZ ALONSO		Proprietary	DIRECTOR	25/01/2017	01/06/2017	RESOLUTION PASSED AT AGM
CORPORACIÓN ECONÓMICA DELTA, S.A.	MARÍA CARCELLER ARCE	Proprietary	DIRECTOR	28/06/2017	28/06/2017	COOPTATION

Total Number of Directors	12
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Indicate any retirements from the board during the reporting period:

Name of director	Category of director at retirement	Date of retirement
JOSÉ ANTONIO SEGURADO GARCÍA	Independent	16/02/2017
RUDOLF-AUGUST OETKER	Proprietary	01/06/2017

C.1.3 Complete the following tables on the types of board members:

EXECUTIVE DIRECTORS

Name of Director	Position in company's organisation
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN
HERCALIANZ INVESTING GROUP, S.A.	NO POSITION HELD IN THE COMPANY'S ORGANISATION. SEE EXPLANATORY NOTE ONE, SECTION H.

Total number of executive directors	2
% of board	16.67%

NON-EXECUTIVE PROPRIETARY DIRECTORS

Name of Director	Name of significant shareholder represented or that proposed appointment
DEMETRIO CARCELLER ARCE	SOCIEDAD ANÓNIMA DAMM
ALIMENTOS Y ACEITES, S.A.	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.
GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.
CORPORACIÓN ECONÓMICA DELTA, S.A.	SOCIEDAD ANÓNIMA DAMM
JAVIER FERNÁNDEZ ALONSO	CORPORACIÓN FINANCIERA ALBA, S.A.

Total number of proprietary directors	6
% of board	50.00%

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name of Director
FERNANDO CASTELLÓ CLEMENTE

Profile:

Born in Mollerusa (Lleida). Industrial Engineer and MBA (IESE). Lecturer at the School of Engineers and Architects of Fribourg (Switzerland). Has held several important executive and management positions in companies operating in the dairy sector and has extensive experience in the sector. Currently Vice-Chairman of Merhpensión, S.A. and on the board of other consultancy and financial services companies.

Name of Director

MERCEDES COSTA GARCÍA

Profile:

Born in Lérida. Law graduate from Central University of Barcelona and Master's Degree in Corporate Law from the IE Business School. Extensive professional experience as a commercial lawyer at the José Mario Armero law firm, lecturer and researcher in the entire negotiation process. Currently Manager of the Negotiation and Mediation Centre and lecturer in negotiation for master programmes, advanced courses and executive education programmes at the IE Business School of Madrid, in on-site and on-line courses. Also Director of the Negotiation Forum (*Foro Negocia*) and Member of the Good Governance Committee of the IE Business School.

Name of Director

JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL

Profile:

Born in San Sebastián. Economist and graduate in International Banking. Extensive experience in the financial sector, director and executive positions in several financial institutions and insurance companies, such as Banco Hispano Americano, Mutua Madrileña and Axa Winterthur, among others. Chairman of Rexam Ibérica and Arbitrajes e Inversiones S.L.

Name of Director

BELÉN BARREIRO PÉREZ-PARDO

Profile:

Born in Madrid. PhD in Political Science, Sociology and Social Anthropology from the Autonomous University of Madrid and Master in Social Sciences from the Juan March Institute of Studies and Research. Over twenty years' experience in scientific analysis of society and counselling on public opinion research. Author of numerous books and academic articles, and visiting lecturer at several universities. Member of the Advisory Board of the Spanish Association of Foundations and founder of MyWord.

Total number of independent directors	4
% of board	33.33%

State whether any director qualified as independent receives from the company or any other company in the same group any sum or gain other than directors' emoluments, or has or has had a business relationship with the company or any other company in its group during the past year, in their own name or as significant shareholder, director or senior executive of a company which has or has had such a relationship.

None of the independent directors is in any of these circumstances.

If appropriate, include a reasoned statement by the board explaining why it considers that the director in question can perform their duties as an independent director.

OTHER NON-EXECUTIVE DIRECTORS

Name any other non-executive directors and explain why they cannot be considered proprietary or independent directors and their relationships, with the company or its executives or with the shareholders:

Indicate any variations during the year in the type of each director:

- C.1.4 Complete the following table with details of the number of female directors over the past 4 years and the type of female directors:

	Number of female directors				Female directors / total directors of each type (%)			
	2017	2016	2015	2014	2017	2016	2015	2014
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	3	2	2	2	50.00%	33.33%	28.57%	28.57%
Independent	2	1	0	0	50.00%	25.00%	0.00%	0.00%
Other non-executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	5	3	2	2	41.67%	23.08%	16.67%	16.67%

- C.1.5 Explain any measures taken to endeavour to include in the board a number of women to give a balanced composition of men and women directors.

Explanation of measures

By virtue of the appointment of a new female independent director in January 2017, women came to represent 30.77% of the board members.

The company thus reached the representation target specified in the Policy for Selecting Candidates, that by 2020 the gender least represented on the Board should account for at least thirty per cent of all the Board members.

In June 2017, the number of women on the board increased by one more.

At the date of this report, there are twelve board members, of which women represent 41.67% (38.46% considering the vacancy currently existing).

- C.1.6 Explain any measures agreed by the nomination committee to ensure that the selection procedures are not implicitly biased against the selection of female directors and that a conscious effort is made to include women with the target profile among the candidates:

Explanation of measures

No specific measures of this nature have been adopted, the principal criterion applied when selecting candidates to the board being that the selection process should avoid any kind of implicit bias that could involve discrimination on any grounds against any of the candidates.

This notwithstanding, the Policy for Selecting Candidates to be Directors approved by the Board of Directors upholds the following principles: (i) a diversity of expertise, experience and gender on the Board shall be sought; and (ii) in equal conditions, the candidate whose gender is least represented on the board at that time shall be chosen.

In addition, the aforesaid Policy for Selecting Candidates to be Directors expressly contemplates the target that by 2020 the gender least represented on the Board shall account for at least thirty per cent of all the Board members. That target was reached in January 2017 and reinforced in June 2017, when another woman was joined the Board.

See section C.1.5 of this Report.

If, despite the measures taken, if any, there are few or no female directors, explain the reasons that justify this situation:

Explanation of reasons

- C.1.6 bis Explain the conclusions of the nomination committee on checking compliance with the policy for selecting directors and, in particular, on how that policy is promoting the target that by the year 2020 the number of female directors should represent at least 30% of all the board members.

Explanation of conclusions

The Nomination and Remuneration Committee considers that the appointments of new Directors agreed in 2016 and 2017 increase the number of independent directors in line with the good governance recommendations and conform to the principles established in the Policy for Selecting Directors. Those principles are intended to: (i) enhance the diversity of expertise and experience on the board, (ii) avoid any implicit bias that may imply any kind of discrimination, and (iii) favour gender diversity, even after the company met the target set for women (as the gender least represented on the board) to represent thirty per cent of the total board members by 2020.

C.1.7 Explain the form of representation on the board of shareholders with significant interests.

- Alimentos y Aceites, S.A.: significant shareholder and proprietary Director of the Company. See section A.4 regarding its relationship with Sociedad Estatal de Participaciones Industriales.

- Corporación Económica Delta, S.A.: significant shareholder and proprietary Director of the Company. See section A.4 regarding the corporate relationship between Corporación Económica Damm, S.A. and Sociedad Anónima Damm.

- Demetrio Carceller Arce: proprietary Director of the Company upon proposal by Corporación Económica Delta, S.A.

- Javier Fernández Alonso: proprietary Director of the Company upon proposal by Corporación Financiera Alba, S.A.

- Empresas Comerciales e Industriales Valencianas, S.L.: significant shareholder and proprietary Director of the company.

- Grupo Tradifin, S.L.: significant shareholder and proprietary Director of the Company.

- Heralianz Investing Group, S.L.: significant shareholder and executive Director of the Company. See explanatory Note one in section H of this Report regarding its classification as executive (rather than proprietary) Director.

C.1.8 Explain, if appropriate, why proprietary directors have been appointed at the request of shareholders holding less than 3% of the capital:

State whether any formal requests for presence on the board have been rejected from shareholders holding interests equal to or greater than others at whose request proprietary directors have been appointed. If appropriate, explain why such requests were not met:

YES NO

C.1.9 State whether any director has retired before the end of their term of office, whether said director explained the reasons for such decision to the Board and through what means, and if the explanations were sent in writing to the entire Board, explain below at least the reasons given by the director:

Name of director:

JOSÉ ANTONIO SEGURADO GARCÍA

Reason for retirement:

Death.

Name of director:

RUDOLF-AUGUST OETKER

Reason for retirement:

He stepped down for personal and professional reasons, tendering his resignation in a letter addressed to the Chairman of the Board and giving a verbal explanation to all the Directors after the last AGM, held on 1 June 2017.

C.1.10 Indicate the powers delegated to the Managing Director(s), if any:

C.1.11 Name Board members, if any, who are also directors or executives of other companies in the same group as the listed company:

Name of director	Name of Group company	Position	Has executive duties?
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN, LTD	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY, LTD	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP&SONS, LTD	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	A.W. MELLISH, LTD	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE, LTD	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET, LTD	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	PASTIFICIO LUCIO GAROFALO, S.P.A.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	BOSTO PANZANI BENELUX, N.V.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	EBRO FOODS, GMBH	JOINT & SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	T.A.G. NAHRUNGSMITTEL, GMBH	JOINT & SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	BERTOLINI IMPORT UND EXPORT, GMBH	JOINT & SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY, GMBH	JOINT & SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS, LTD	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ. S.A.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	GEOVITA FUNCTIONAL INGREDIENTS, S.r.L.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA INGREDIENTS BELGIUM B, B.V.B.A.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY, GmbH	JOINT & SEVERAL DIRECTOR	YES

C.1.12 Name the company directors, if any, who are on the Boards of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

Name of Director	Listed Company	Position
DEMETRIO CARCELLER ARCE	SACYR, S.A.	VICE-CHAIRMAN 1
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	ENCE ENERGÍA Y CELULOSA, S.A.	DIRECTOR
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	COCA-COLA EUROPEAN PARTNERS	DIRECTOR
JAVIER FERNÁNDEZ ALONSO	EUSKALTEL, S.A.	DIRECTOR
JAVIER FERNÁNDEZ ALONSO	PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.	DIRECTOR

C.1.13 Indicate and, where appropriate, explain whether the company has established rules on the number of directorships its directors may hold:

YES NO

Explanation of the rules

Article 32.2 of the Regulations of the Board of Directors establishes, in the “General Duties of Directors”, that Directors shall dedicate to the Company such attention and time as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other Directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the Company.

C.1.14 Repealed.

C.1.15 Indicate the overall remuneration of the board:

Remuneration of the board (thousand euros)	5,533
Amount of the vested rights of current directors in pension schemes (thousand euros)	0
Amount of the vested rights of former directors in pension schemes (thousand euros)	0

C.1.16 Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

Name	Position
ANA MARÍA ANTEQUERA PARDO	MANAGER COMMUNICATIONS
LUIS PEÑA PAZOS	SECRETARY OF THE COMPANY AND BOARD
LEONARDO ÁLVAREZ ARIAS	MANAGER I.T.
PABLO ALBENDEA SOLÍS	CHIEF OPERATING OFFICER
ALFONSO FUERTES BARRÓ	FINANCE MANAGER
GABRIEL SOLÍS PABLOS	TAX MANAGER
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY OF THE BOARD
GLORIA RODRÍGUEZ PATA	CORPORATE ASSETS MANAGER
JESÚS DE ZABALA BAZÁN	MANAGER INTERNAL AUDIT

MANUEL GONZÁLEZ DE LUNA	MANAGER INVESTOR RELATIONS AND FINANCIAL INSTITUTIONS
Total remuneration top management (thousand euro)	2,219

C.1.17 Name any board members who are also on the boards of companies holding significant interests in the listed company and/or in companies of its group:

Name of director	Name of significant shareholder	Position
DEMETRIO CARCELLER ARCE	SOCIEDAD ANÓNIMA DAMM	CHAIRMAN
DEMETRIO CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	CHAIRMAN

Describe the significant relationships of the board members with the significant shareholders and/or companies in their group, other than as mentioned above:

Name of director

ANTONIO HERNÁNDEZ CALLEJAS

Name of significant shareholder

HERCALIANZ INVESTING GROUP, S.L.

Description of relationship

Antonio Hernández Callejas has a direct interest of 33.333% in Hercalianz Investing Group, S.L., a Director and significant shareholder of Ebro Foods, S.A. He does not hold any position in that company.

Name of director

DEMETRIO CARCELLER ARCE

Name of significant shareholder

SOCIEDAD ANÓNIMA DAMM

Description of relationship

Demetrio Carceller Arce has an interest of 0.823% in Sociedad Anónima Damm

Name of director

CORPORACIÓN ECONÓMICA DELTA, S.A.

Name of significant shareholder

SOCIEDAD ANÓNIMA DAMM

Description of relationship

Sociedad Anónima Damm has a direct interest of 99.99% in Corporación Económica Delta, S.A.

Its representative on the Board of Ebro Foods, S.A., María Carceller Arce, has a direct interest of 0.04% in Sociedad Anónima Damm. She is a Director of Corporación Económica Delta, S.A. and represents a corporate Director on the Board of Sociedad Anónima Damm.

Name of director

ALIMENTOS Y ACEITES, S.A.

Name of significant shareholder

SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES

Description of relationship

Sociedad Estatal de Participaciones Industriales has a direct interest of 91.9625% in Alimentos y Aceites, S.A.

Its representative on the Board of Ebro Foods, S.A., Concepción Ordiz Fuertes, is the company Secretary, Secretary of the Board and legal counsel of Sociedad Estatal de Participaciones Industriales.

Name of director

JAVIER FERNÁNDEZ ALONSO

Name of significant shareholder

CORPORACIÓN FINANCIERA ALBA, S.A.

Description of relationship

Javier Fernández Alonso is the Investment Manager of Corporación Financiera Alba, S.A.

C.1.18 State whether any modifications have been made during the year to the Regulations of the Board:

YES NO

Description of the modifications

Modification of Article 24.1 of the Regulations of the Board of Directors to adapt it to the amended Corporate Entities Act in respect of the composition of the Audit and Compliance Committee, following the amendment thereof by virtue of the Audit Act 22/2015 of 20 July.

Following the modification of that Article 24.1 of the Regulations of the Board, at least the majority of the members of the Audit and Compliance Committee must be independent directors.

C.1.19 Describe the procedures for selection, appointment, re-election, assessment and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for selection, appointment, re-election, assessment and removal of the directors are regulated in the Articles of Association and the Regulations of the Board.

There is also a Policy for Selecting Candidates to be Directors of Ebro Foods, S.A., which specifically and verifiably establishes the basic criteria and principles to be followed in the selection of candidates. The Policy is applicable in the appointment, ratification and re-election of directors by the General Meeting and any appointments made by the Board by cooptation in the event of a pre-term vacancy. For candidates who are legal persons, the principles and criteria of the Policy must be observed in respect of the individuals representing them on the Board.

The General Meeting is responsible for deciding on the number of directors the company is to have, within the minimum (7) and maximum (15) established in the Articles of Association, and for appointing or re-electing directors as proposed by the Board, subject to a favourable report by the Nomination and Remuneration Committee.

The Board may also appoint directors by cooptation, subject to a report by the Nomination and Remuneration Committee and by the Board of Directors on the terms stipulated in law.

In any case, the initiative of the Board regarding the incorporation of members by no means detracts from the sovereign power of the General Meeting to appoint and remove directors, or from any potential exercise by shareholders of their right to proportional representation.

The persons nominated by the Board for appointment or re-appointment as directors, or by the Nomination and Remuneration Committee in the case of independent directors, must be persons of recognised repute, with adequate experience and expertise to be able to perform their duties.

See the duties of the Nomination and Remuneration Committee in section C.2.1 of this Report for the role of that Committee in the appointment of Directors.

Directors are appointed for a term of four years, after which they are eligible for re-election on one or several occasions for terms of an equal duration. This term of four years is counted from the date of the General Meeting at which they are appointed, or ratified when previously appointed by cooptation by the Board.

If vacancies arise during the term for which they were appointed, the Board may appoint shareholders to fill those vacancies up to the next general meeting. Directors' appointments shall end at the first general meeting held after expiry of their term or lapse of the time stipulated in law for holding the general meeting that is to approve the accounts of the previous year.

The appointment and re-election procedure shall be preceded by the corresponding reports from the Nomination and Remuneration Committee and the Board, on the terms stipulated in law.

The Board regularly (annually) rates the Board, Chairman and Committees on their efficiency and fulfilment of their obligations, requesting the corresponding reports from its Committees and, if considered necessary, proposing any modifications that may be appropriate to improve their performance.

Directors retire upon expiry of the term for which they were appointed and in all other events stipulated in law, the Articles of Association or the Regulations of the Board. They must tender their resignations to the Board and step down in the events established in the Regulations of the Board.

C.1.20 Explain to what extent the annual assessment of the board has given rise to major changes in its internal organisation and the procedures applicable to its activities.

Description of modifications

The 2017 annual assessment of the Board, Committees and Chairman, made with assistance from an external independent adviser, is pending the final report issued by that adviser, so the Company has no final conclusions on this point at the date of this Report.

Nevertheless, the annual assessments made in previous years did not reveal any material incidents giving rise to major changes in the internal organisation or the procedures applicable to their activities.

C.1.20.bis Describe the process of assessment and the areas assessed by the board, assisted where necessary by an external consultant, on diversity in its composition and powers, the procedure and composition of its committees, the performance by the chairman of the board and CEO of the company and the performance and contribution of each director.

A) Process of self-assessment:

A self-assessment process is carried out every year on the Board, its Committees and the executive Chairman of the Company. That process is based on (i) a report prepared by the Nomination and Remuneration Committee for presentation to the Board, (ii) the activity reports of the Audit and Compliance Committee and the Nomination and Remuneration Committee, and (iii) the resolutions adopted by the Board of Directors in view of the foregoing.

B) Methods used:

The Board members complete a questionnaire rating certain aspects regarding the quality and efficiency of the Board procedures, the actions performed by the chairman of the board, who is at the same time the chief executive of the Company, and the procedure of the executive Committee and other Board Committees.

They can also make other comments, should they deem fit, on the functioning of the Board, its Committees and the executive Chairman.

C) Areas assessed:

- Composition of the Board and actions by the Directors: assessment on the quantitative and qualitative composition of the Board and their perception of the performance by other Directors of their duties.

- Procedure of the Board: assessment of the functioning of the Board, frequency of meetings, procedure for calling meetings, remittance of documentation for the meetings and quality of those documents, transaction of business within the Board and powers of the Board.

- Chairman of the Board: assessment on the dedication and actions by the Chairman, both as such and in his capacity as chief executive of the Company.

- Committees of the Board: assessment of the directors' perception, from the Board, of the role of the Board Committees and perception of the members of the Board Committees on their functioning.

The 2017 annual assessment of the board, committees and chairman has been made with assistance from an independent external adviser and is pending conclusion at the date of this Report.

C.1.20.ter Describe, where appropriate, any business relations between the consultant or any company in its group with the company or any other company in its group.

During 2017, the external consultant provided personnel selection services for a subsidiary of the Ebro Foods Group for a charge of €6 thousand.

C.1.21 State the events in which directors are obliged to step down.

The retirement and resignation of directors are regulated in Article 31 of the Regulations of the Board of Directors:

- Directors must step down at the end of the term for which they were appointed and in all other events stipulated in law, the Articles of Association and the Regulations of the Board.

- Directors must also tender their resignations and step down in the following cases:

a) When they are affected by one of the causes of incompatibility or disqualification established in law, the Articles of Association or the Regulations of the Board.

b) When they step down from the executive post to which their appointment as director was linked, when the shareholder they represent on the Board disposes of all its shares in the Company or reduces its interest to an extent requiring a reduction in the number of proprietary Directors and, in general, whenever the reasons for their appointment disappear.

c) When the Board, following a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted his obligations or for reasons of corporate interest.

C.1.22 Repealed.

C.1.23 Are special majorities differing from those stipulated in law required for any type of decision?

YES NO

If yes, describe the differences:

C.1.24 Are there any specific requirements, other than those established for directors, to be appointed Chairman?

YES NO

C.1.25 Does the Chairman have a casting vote?

YES NO

Matters for which there is a casting vote
--

All matters.

C.1.26 Do the Articles of Association or Regulations of the Board establish an age limit for directors?

YES NO

C.1.27 Do the Articles of Association or Regulations of the Board establish a limited term of office for independent directors other than as stipulated in law?

YES NO

C.1.28 Do the Articles of Association or Regulations of the Board establish specific rules for the delegation of votes at board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may hold, and whether any limitation has been established regarding the categories to which proxies may be granted, other than those established in law? If yes, include a brief description.

Both the Articles of Association (Article 24) and the Regulations of the Board (Article 20) contemplate the possibility of Directors attending Board meetings through a duly authorised proxy.

The proxy must be made in advance, in writing, specially for each Board meeting, in favour of another Director.

The represented Director may issue specific voting instructions for any or all of the items on the agenda.

Non-executive Directors may only grant proxies to other non-executive Directors.

No limit is established on the number of proxies any one Director may hold, or any limitation on the categories to which proxies may be granted.

C.1.29 State the number of meetings held by the Board of Directors during the year, indicating, if appropriate, how many times the Board has met without the Chairman. Proxies made with specific instructions will be considered attendances:

Number of board meetings	11
Number of board meetings held without the chairman	0

If the chairman is an executive director, indicate the number of meetings held without the attendance or representation of any executive director and chaired by the lead independent director.

Number of meetings	1
---------------------------	---

Indicate the number of meetings held by the different Committees of the Board:

Committee	No. meetings
EXECUTIVE COMMITTEE	7
AUDIT AND COMPLIANCE COMMITTEE	6
NOMINATION AND REMUNERATION COMMITTEE	8
STRATEGY AND INVESTMENT COMMITTEE	0

C.1.30 State the number of meetings held by the Board during the period attended by all its members. Proxies made with specific instructions will be considered attendances:

Number of meetings attended by all the directors	9
% attendance over total votes during the year	81.82%

C.1.31 Are the separate and consolidated annual accounts submitted to the Board for approval previously certified?

YES NO

If yes, name the person(s) who certify the separate or consolidated annual accounts of the company before they are approved by the Board:

C.1.32 Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the separate and consolidated accounts laid before the General Meeting.

Relations with the auditors are expressly regulated in Article 43 of the Regulations of the Board of Directors.

The Board shall establish an objective, professional and continuous relationship with the external auditors of the Company appointed by the General Meeting, guaranteeing their independence and providing them with all the information they may require to perform their duties. This relationship and the relationship with the Internal Audit Manager shall be channelled through the Audit and Compliance Committee. Furthermore, the Board shall endeavour to draw up the Annual Accounts in such a way as to avoid a qualified Auditors' report.

Within the specific duties attributed to the board in certain areas, Article 9 of the Regulations establishes that the Board shall see that the separate and consolidated Annual Accounts and Directors' Reports give a true and fair view of the equity, financial position and results of the Company, as stipulated in law, and each and all of the Directors shall have all the necessary information before signing the Annual Accounts.

Article 24.4 of the Regulations of the Board gives the Audit and Compliance Committee certain powers to ensure that the Annual Accounts are filed without a qualified auditors' report (see section C.2.4 of this Report).

Finally, there is a Risks Control and Management Policy established in the Group laying down the basic principles and the general framework for control and management of the business risks, including tax risks, and internal control of financial reporting to which the Company and other companies in its Group are exposed.

As regards the control of financial reporting, the Group has procedures in place for checking and authorising financial reporting and a description of the financial reporting internal control system (FRICS), responsibility for which lies with the Economic Department, the Risks Committee, the economic and finance departments of the different business units, the Audit and Compliance Committee and the Board. Financial information is checked and authorised up by the Economic Department of the Group on the basis of the information confirmed in the different business units. The information to be remitted to the market is supervised by the Audit and Compliance Committee and approved by the Board.

C.1.33 Is the Secretary of the Board a Director?

YES NO

If the secretary is not a director, complete the following table:

Name of Secretary	Representative
LUIS PEÑA PAZOS	

C.1.34 Repealed.

C.1.35. Describe any mechanisms established by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

A. With regard to the external auditors:

Both the Articles of Association and the Regulations of the Board of Directors vest in the Audit and Compliance Committee the power, among others, to contact the auditors and receive information on any issues that may jeopardise their independence, for examination by the Audit Committee, as well as any other issues relating to the auditing of accounts. The Committee shall also receive information from and exchange communications with the auditors in accordance with prevailing auditing standards and legislation, notwithstanding the ultimate responsibility of the Board of Directors, which, pursuant to Article 8.1.3.(a) of the Regulations of the Board is responsible for ensuring the independence and professional suitability of the external auditor.

Article 43 of the Regulations of the Board addresses relations with the auditors, obliging the Board to establish an objective, professional, continuous relationship with the External Auditors of the Company appointed by the General Meeting, guaranteeing their independence and putting at their disposal all the information they may require to perform their duties. It further establishes that the aforesaid relationship with the External Auditors of the Company and the relationship with the Internal Audit Manager shall be conducted through the Audit and Compliance Committee.

Finally, Article 24.4 of the Regulations of the Board establishes the following powers of the Audit and Compliance Committee in this respect:

- Supervise and promote the policies, procedures and systems used for drawing up and controlling the company's financial information, checking the services performed in this regard by the Internal Audit Department, the Financial Department and the Management Committee and making sure they are correctly distributed throughout the Group.

- Receive the information sent regularly to the Stock Exchange Councils, issue prospectuses and any public financial information offered by the Company and, in general, all information prepared for distribution among

shareholders, ensuring the existence of internal control systems that guarantee the transparency and truth of the information.

- Ensure that (i) the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be authorised for issue in accordance with current legislation give a true and fair view of the equity, financial position and results of the Company and make sure that any interim financial statements are drawn up according to the same accounting principles as the annual accounts, considering the possibility of asking the external auditors to make a limited audit if necessary; and (ii) the Board of Directors endeavours to submit the annual accounts to the General Meeting with an unqualified auditors' report.

In this respect, it shall also see that the internal control systems are adequate and effective in respect of the accounting practices and principles used for drawing up the company's annual accounts, supervising the policies and procedures established to ensure due compliance with applicable legal provisions and internal regulations. The Committee shall, through its Chairman, obtain information and collaboration from both the Internal Audit Manager and the external auditors to perform these duties.

- Establish regular contact with the external auditors to receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the external auditors in accordance with prevailing auditing standards and legislation.

- Be informed of the decisions adopted by the senior management according to recommendations made by the external auditors in connection with the audit.

- Ensure the independence of the external auditors and the existence of a discussion procedure enabling the external auditors, the Internal Audit Department and any other expert to inform the company of any significant weaknesses in its internal control detected while checking the annual accounts or any other processes in which they have worked. The Committee shall issue an annual report, prior to issuance of the auditor's report, expressing an opinion on the independence of the external auditors and any supplementary services they may have provided.

B. With regard to relations with analysts, investment banks and rating agencies:

The Company has a Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors approved by the Board of Directors, and a shareholder and investor relations Department, through which communications and information for investors in general are channelled.

Article 42 of the Regulations of the Board regulates the Company's relations with shareholders and the markets in general, providing that the Board of Directors shall take such measures as may be necessary to enable participation by shareholders in general meetings and organise meetings to inform the shareholders and investors (particularly institutional investors) on the progress of the Company and, where appropriate, its subsidiaries.

The Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors contemplates the following general principles applicable in this matter:

- Communication and relations with shareholders, institutional investors and proxy advisors shall be conducted in accordance with the principles of transparency, truth and permanent, adequate, timely reporting.

- The principle of non-discrimination and equal treatment is recognised for all shareholders who are in the same conditions and not affected by conflicts of interest or competence.

- The rights and legitimate interests of all shareholders shall be protected.

- Continuous, permanent communication with shareholders and investors shall be encouraged.

- Reporting and communication channels shall be established with shareholders and investors to ensure compliance with these principles.

The Company's Audit and Compliance Committee is responsible for overseeing compliance with the rules and principles set out in the Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors.

C.1.36 Indicate whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

YES NO

Explain any disagreements with the outgoing auditor:

C.1.37 State whether the firm of auditors does any work for the company and/or its group other than standard audit work and if so, declare the amount of the fees received for such work

and the percentage it represents of the total fees invoiced to the company and/or its group:

YES NO

	Company	Group	Total
Cost of work other than auditing (thousand euros)	224	393	617
Cost of work other than auditing / Total amount invoiced by the auditors (%)	54.63%	21.03%	27.07%

C.1.38 Indicate whether the auditors' report on the annual accounts of the previous year was qualified. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualifications.

YES NO

C.1.39 State the number of years in succession that the current firm of auditors has been auditing the annual accounts of the company and/or its group. Indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Company	Group
Number of years in succession	4	4
Number of years audited by current auditors / Number of years that the company has been audited (%)	14.80%	14.80%

C.1.40 Indicate, giving details if appropriate, whether a procedure has been established for directors to receive external counselling:

YES NO

Details of procedure

The directors' right to counselling and information is regulated in Article 40 of the Regulations of the Board, which provides that:

- Any Director may, in the course of any specific duties commissioned to them on an individual level or within the framework of any of the Committees of the Board, request the Chairman to contract, at the Company's expense, such legal advisers, accountants, technical, financial or commercial experts or others as they may consider necessary, in order to assist them in the performance of their duties, provided such counselling is justified to resolve specific problems that are particularly complex and important.

- Considering the circumstances of the specific case, the Chairman may deny or authorise the proposal in a communication sent through the Secretary of the Board, who shall contract the expert in question, provided the proposal is authorised.

- The Chairman may also put the proposal to the Board, which may refuse to finance the counselling if (i) it is considered unnecessary for discharging the duties commissioned, (ii) the amount of finance required is considered out of proportion with the importance of the matter, or (iii) the Board considers that the technical assistance requested could be adequately provided by Company employees.

C.1.41 Indicate, with details if appropriate, whether there is an established procedure for directors to obtain sufficiently in advance any information they may need to prepare the meetings of the governing bodies:

YES NO

Details of procedure

Details of procedure

Article 40 of the Regulations of the Board of Directors establishes the Directors' right to counselling and information, providing that:

- Directors shall, whenever so required in the performance of their duties, have the fullest powers to obtain information on any matter whatsoever, obtaining such documents, records, background information or other elements as they may require in this respect. This right to information is extended to subsidiaries of the Group.

- Directors shall address their requests for information to the Chairman and they will be dealt with by the Secretary of the Board, who shall supply the information directly or indicate who is to be contacted within the Company and, in general, establish the necessary measures to fully meet the Director's right to information.

As a rule, all documents supporting the business to be transacted at Board meetings are sent together with the notice of call.

C.1.42 Indicate, with details if appropriate, whether the company has established any rules obliging Directors to report and, if necessary, retire in any situations that could be detrimental to the prestige and reputation of the company:

YES NO

Explain the rules

Article 31 ("Retirement of Directors") of the Regulations of the Board of Directors, in Chapter VII ("Directors' Statute") provides as follows:

(i) Directors shall step down and tender their resignation when they are affected by one of the cases of incompatibility or disqualification established in law, the Articles of Association or the Regulations of the Board; and

(ii) If a Director is prosecuted or an order is passed to commence trial against him for any offences contemplated in the applicable laws and regulations, he shall notify the Board as promptly as he is able. The Board shall study the case as soon as possible and, in view of the specific circumstances, decide whether or not that Director should remain in office, reporting on that decision and the underlying reasons in the Annual Corporate Governance Report.

C.1.43 Have any members of the Board informed the company that they have been sued or brought to trial for any of the offences contemplated in s. 213 of the Corporate Enterprises Act?

YES NO

State whether the Board has studied the case. If so, indicate and explain the decision made as to whether or not the director should remain in office or, if appropriate, describe the actions taken by the board up to the date of this report, or which it plans to take.

C.1.44 Describe any significant agreements entered into by the company which enter into force, are modified or terminated in the event of a takeover of the company following a takeover bid, and the effects thereof.

Most of the financing agreements signed by the Company include takeover clauses on the usual terms for this type of contract. By virtue of those provisions, the lender reserves the right to terminate the financing agreement in the event of a takeover of the Company. Although there is no uniform definition of "takeover" for this purpose, the lender's right is triggered if there is a substantial change in the Company's significant shareholders.

C.1.45 Indicate globally and describe in detail any agreements made between the company and its directors, executives or employees contemplating golden handshake clauses in the event of resignation or unfair dismissal or termination of employment following a takeover bid or any other type of transaction.

Number of beneficiaries: 2

Type of beneficiary:

Executives

Description of the agreement:

Although the contracts of two executives contain golden handshake clauses for cases of dismissal or takeover, those clauses are no longer applicable, on their own terms.

State whether these contracts have to be notified to and/or approved by the governing bodies of the company/group companies:

	Board of Directors	General Meeting
Body authorising the clauses	Yes	No

	Yes	No
Is the General Meeting informed on the clauses?	X	

C.2 Committees of the Board

C.2.1 Give details of the different committees, their members and the proportion of executive, proprietary, independent and other non-executive directors in each committee:

EXECUTIVE COMMITTEE

Name	Position	Type
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	Executive
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
JAVIER FERNÁNDEZ ALONSO	MEMBER	Proprietary

% executive directors	33.33%
% proprietary directors	66.67%
% independent directors	0.00%
% other non-executive directors	0.00%

Explain the duties attributed to this committee, describe the procedures and rules of organisation and procedure and summarise its most important actions during the year.

Articles 19 and 27 of the Articles of Association contemplate the delegation of powers of the Board of Directors to the Executive Committee.

The composition, organisation and procedure of the Executive Committee is governed by the provisions common to all the committees set out in Article 22 of the Regulations of the Board of Directors, and the specific regulations established in Article 28.1 of the Articles of Association and Article 23 of the Regulations of the Board.

The powers of this Committee are set out in Article 23.2 of the Regulations of the Board, without prejudice to what the Board may establish in its resolution to delegate powers.

The Executive Committee shall have no fewer than three nor more than seven members, including the Chairman and Vice-Chairman of the Board, who will form part of this Committee.

The Committee shall be presided by the Chairman of the Board. In general, one Executive Committee meeting will be held a month. Its meetings may be attended by such members of the management, employees and advisers of the Company as the Committee may deem fit.

Without prejudice to the autonomy of decision of the Executive Committee in respect of the delegated powers, its resolutions normally being fully valid and effective without ratification by the Board, if the Chairman or three members of the Committee consider this necessary in the circumstances, the resolutions adopted by the Executive Committee shall be submitted to the Board for ratification. This will also be applicable when the Board has delegated the Committee to study certain matters while reserving for itself the ultimate decision, in which case the Executive Committee shall merely submit the corresponding proposal to the Board.

During 2017, the Executive Committee assessed several investments, divestments and sales of assets, as well as the strategic decisions to be adopted in respect of the different business lines.

See explanatory Note seven in section H of this Report for the current composition of this Committee following the changes in the Board of Directors since 31 December 2017.

State whether the composition of this committee reflects the participation in the Board of the different categories of director:

YES NO

If no, explain the composition of the executive committee

Following the death on 16 February 2017 of an independent Director who was on the Executive Committee, this Committee has one executive Director (the Chairman of the Board, who in turn chairs this Committee) and two proprietary Directors.

The Company is aware of this situation and is working to fill the vacancy left on the Board following his death with an independent Director, who would join the Executive Committee.

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Type
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	CHAIRMAN	Independent
FERNANDO CASTELLÓ CLEMENTE	MEMBER	Independent
BELÉN BARREIRO PÉREZ-PARDO	MEMBER	Independent
MERCEDES COSTA GARCÍA	MEMBER	Independent
GRUPO TRADIFÍN, S.L.	MEMBER	Proprietary

% proprietary directors	20.00%
% independent directors	80.00%
% other non-executive directors	0.00%

Explain the duties attributed to this committee, describe the procedures and rules of organisation and procedure and summarise its most important actions during the year.

The Audit and Compliance Committee is governed by the applicable legal provisions, the specific rules on composition, organisation, procedure and powers established in Article 28.2 of the Articles of Association and Article 24 of the Regulations of the Board of Directors and the provisions on organisation and procedure common to all the Committees set out in Article 22 of the Regulations of the Board.

This Committee has a minimum of three Directors and a maximum of five.

All the members of this committee must be non-executive Directors, at least the majority must be independent Directors and one of the members must be appointed on account of their expertise and experience in accounting, auditing or both.

The Board shall appoint one of the independent Directors on the Audit and Compliance Committee to chair that Committee, subject to a report by the Nomination and Remuneration Committee. The Committee Chairman shall be replaced every four years and will become eligible for re-election one year after his retirement as such.

Meetings are held when called by its Chairman, or at the request of two of its members and at least once every three months. It shall also meet whenever so required by law or when the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.

In addition to those assigned to it by law, regulations or the Articles of Association, the Audit and Compliance Committee shall have the powers of supervision, monitoring, control and reporting to the Board established in Article 24.4 of the Regulations of the Board regarding the following matters:

- Risk management and internal control: it shall supervise and promote internal control of the company and the risk management systems, submit recommendations to the Board for a decision on the risk management and control policy, including tax risks, and ensure the adequacy and effectiveness of the internal control systems in relation to the accounting principles and policies used to prepare the Company's financial statements and annual accounts.

- Financial reporting and annual accounts: it shall ensure that (i) the systems used for preparing the financial reporting and annual accounts conform to current laws and regulations and portray a true and fair view of the equity, financial position and results of the Company and (ii) the Board of Directors endeavours to submit the

annual accounts to the General Meeting with an unqualified auditors' report.

- Relations with the internal and external auditors: it shall submit to the board, to be tabled at the General Meeting, proposals for the selection, appointment, re-appointment and replacement of the Company's external auditors and their terms of contract, the scope of their commission and the renewal or revocation of their engagement. It shall also ensure the independence of the external auditors, issuing an annual report, prior to issuance of the auditor's report, expressing an opinion on the independence of the external auditors and any supplementary services they may have provided.

- Intragroup transactions, related party transactions and conflicts of interest: it shall oversee and report to the Board of Directors on intragroup and related party transactions of the Company or subsidiaries and settle any conflicts of interest that may arise between the Company or the Group and its Directors, executives and significant shareholders.

- Whistleblowing channel: it shall investigate and solve any issues reported through this channel, paying special attention to those involving possible falsehood or misrepresentation in financial or accounting documents and possible fraud.

- Internal codes of conduct and rules of corporate governance: it shall supervise compliance with these codes and rules and, in particular, it shall oversee the implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems, especially in relation to the financial reporting process.

During 2017, the Audit and Compliance Committee performed activities of supervision, control, monitoring and reporting to the Board of Directors in respect of the matters falling within its competence, including financial reporting, annual accounts, relations with the auditors, risk management and control systems, including tax risks, related party transactions, conflicts of interest, whistleblowing channel and compliance.

The Company will issue a detailed report of all the activities performed by the Audit and Compliance Committee during 2017, which will be made available to all shareholders prior to the forthcoming AGM 2018.

Name the member of the audit committee who has been appointed on account of his expertise and experience in accounting, auditing or both and indicate the number of years that the chairman of this committee has held this position:

Name of director with experience	JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL
No. years that the chairman has been in office	3

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Type
FERNANDO CASTELLÓ CLEMENTE	CHAIRMAN	Independent
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
MERCEDES COSTA GARCÍA	MEMBER	Independent
GRUPO TRADIFÍN, S.L.	MEMBER	Proprietary

% proprietary directors	50.00%
% independent directors	50.00%
% other non-executive directors	0.00%

Explain the duties attributed to this committee, describe the procedures and rules of organisation and procedure and summarise its most important actions during the year.

The Nomination and Remuneration Committee is governed by the applicable legal provisions, the specific rules on composition, organisation and procedure established in Article 28.3 of the Articles of Association and Article 25 of the Regulations of the Board of Directors and the provisions on organisation and procedure common to all the committees set out in Article 22 of the Regulations of the Board.

The powers of the Nomination and Remuneration Committee are regulated in Article 25.4 of the Regulations of the Board, without prejudice to any others that may be assigned to it by law, the Articles of Association or the Regulations of the Board.

This Committee has a minimum of three and a maximum of five non-executive Directors, at least two of which must be independent Directors. The members are appointed by the Board of Directors.

The Board shall appoint one of the independent Directors who are members of the Committee to chair it, subject to a report by that Committee.

Meetings are held when called by its Chairman, or at the request of two of its members and at least once every three months. It shall also meet whenever so required by law or when the Board of Directors requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.

Pursuant to Article 25.4 of the Regulations of the Board, the Nomination and Remuneration Committee is competent to study, issue reports and submit proposals to the Board on the following matters:

- selection of candidates to join the Board of Directors;
- appointment of the Chairman, and Vice-Chairman if any, of the Board, Managing Director(s), Lead Independent Director and the Secretary, and Vice-Secretary if any, of the Board;
- succession of the Chairman and chief executive;
- appointment of Directors to the Committees of the Board of Directors;
- appointment and possible dismissal of senior executives and their termination benefit clauses;
- directors' emoluments, according to the system of remuneration established in the Articles of Association and the executive Directors' relationship with the Company;
- remuneration of Directors and executives indexed to the value of the shares in the Company or its subsidiaries or consisting of the delivery of shares in the Company or its subsidiaries or the granting of options thereover;
- selection policy for Directors, targets for the representation of the least represented gender on the Board and issuance of guidelines on how to achieve them;
- remuneration policy for Directors and senior management of the Company and Group subsidiaries;
- management training, promotion and selection policy in the Company and Group subsidiaries;
- Annual Report on Directors' Remuneration.

During 2017 the Nomination and Remuneration Committee performed the following activities, among others:

- It issued the corresponding reports on appointments, ratification and re-election of directors and, where appropriate, the individuals representing corporate directors, and their appointment to the different committees of the Board of Directors, following assessment of the candidates and submission to the Board of the corresponding nomination, for independent Directors.
- Following due assessment of the candidate, it submitted a nomination to the Board for appointment of a new Lead Independent Director, following the death in February 2017 of the director who formerly held this position.
- It submitted a proposal to the Board for raising the directors' statutory remuneration for 2016, payable in 2017.

The Company will issue a detailed report of all the activities performed by the Nomination and Remuneration Committee during 2017, which will be made available to all shareholders prior to the forthcoming AGM 2018.

STRATEGY AND INVESTMENT COMMITTEE

Name	Position	Type
DEMETRIO CARCELLER ARCE	CHAIRMAN	Proprietary
ANTONIO HERNÁNDEZ CALLEJAS	MEMBER	Executive
JAVIER FERNÁNDEZ ALONSO	MEMBER	Proprietary
HERCALIANZ INVESTING GROUP, S.L.	MEMBER	Executive

% executive directors	50.00%
% proprietary directors	50.00%
% independent directors	0.00%
% other non-executive directors	0.00%

Explain the duties attributed to this committee, describe the procedures and rules of organisation and procedure and summarise its most important actions during the year.

Article 28.4 of the Articles of Association stipulates that the Regulations of the Board of Directors shall also contemplate the existence of a Strategy and Investment Committee, the members of which may be any Directors.

The composition, organisation and procedure of the Strategy and Investment Committee are governed by the provisions common to all the committees set out in Article 22 of the Regulations of the Board and the specific provisions established in Article 24 of the Articles of Association, its powers being regulated in Article 24.3.

This Committee has a minimum of three and a maximum of five Directors, including a Chairman, appointed by the Board of Directors subject to a report by the Nomination and Remuneration Committee.

Meetings are held when called by its Chairman or at the request of two of its members, and in any case whenever the Board of Directors requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.

The Committee is competent to study, issue reports and submit proposals for the Board on the following matters:

- setting of targets for growth, yield and market share;
- strategic development plans, new investments and restructuring processes;
- coordination with subsidiaries in the matters contemplated in paragraphs (a) and (b) above, for the common interests and benefit of the Company and its subsidiaries.

After its meeting on 16 November 2016, this Committee met again on 7 February 2018 to review the Ebro Foods Group Strategic Plan 2016-2018.

See explanatory Note seven in section H of this Report for the current composition of this Committee following the changes within the Board of Directors produced after 31 December 2017.

C.2.2 Complete the following table with information on the number of female directors on the board committees over the past four years:

	Number of female directors							
	2017		2016		2015		2014	
	No.	%	No.	%	No.	%	No.	%
EXECUTIVE COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
AUDIT AND COMPLIANCE COMMITTEE	3	60.00%	2	40.00%	1	25.00%	2	40.00%
NOMINATION AND REMUNERATION COMMITTEE	2	50.00%	1	25.00%	1	25.00%	2	40.00%
STRATEGY AND INVESTMENT COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Repealed.

C.2.4 Repealed.

C.2.5 Indicate the existence, if appropriate, of regulations of the board committees, where they are available for consultation and any modifications made during the year. State whether an annual report has been issued voluntarily on the activities of each committee.

In general, Article 28 of the Articles of Association establishes the basic regulation of the Committees of the Board, contemplating the existence and composition of (i) the Executive Committee, (ii) the Audit and Compliance Committee and (iii) the Nomination and Remuneration Committee. It also refers to the Regulations of the Board of Directors regarding the possible existence of a Strategy and Investment Committee.

The Regulations of the Board regulate the Board committees in the following specific provisions:

- General provisions applicable to all the committees: Article 22
- Executive Committee, Article 23
- Audit and Compliance Committee, Article 24
- Nomination and Remuneration Committee, Article 25
- Strategy and Investment Committee, Article 26

The Regulations of the Board also contemplate in different articles the powers of the different Committees of the Board in different areas (e.g. modification of the Regulations).

Both the Articles of Association and the Regulations of the Board are available for consultation on the Company's website (www.ebrofoods.es). The Regulations of the Board are also published and available for consultation on the website of the National Securities Market Commission (www.cnmv.es).

Both the Audit and Compliance Committee and the Nomination and Remuneration Committee issue annual activity reports, which are submitted to the Board of Directors for its information and consideration within the assessment of the Board and its Committees. Those activity reports are made available for shareholders on the company's website coinciding with the call to the Annual General Meeting.

C.2.6 Repealed.

D. RELATED PARTY AND INTER-COMPANY TRANSACTIONS

D.1 Explain the procedure, if any, for approving related party and inter-company transactions.

Procedure for approving related party transactions
--

Apart from cases which, by law, require approval by the General Meeting, related party transactions are approved by the Board subject to a report by the Audit and Compliance Committee.

Article 24 of the Regulations of the Board of Directors establishes the power of the Audit and Compliance Committee to report to the Board prior to the adoption of any decisions on related party transactions submitted for its authorisation and to supervise and report to the Board on intragroup and related party transactions of the Company or subsidiaries of the Group.

With regard to related party transactions, Article 37.3 of the Regulations of the Board expressly establishes that other than in the cases in which this power is reserved by law to the General Meeting, any transactions made by the Company or Group companies with Directors, significant shareholders, other related parties or shareholders represented on the Board must be authorised by the Board. That authorisation is not necessary when the transactions meet all of the following three conditions: (i) they are made under contracts with standard terms and conditions applied "en masse" to numerous clients; (ii) they are made at prices or rates established generally by the supplier of the goods or provider of the services in question. (iii) the amount thereof does not exceed 1% of the Company's annual revenue.

General, prior authorisation by the Board for a line of transactions and their conditions, subject to a report by the Audit and Compliance Committee, will be sufficient for bilateral or recurring transactions made in the normal course of the company's business. Finally, in cases where urgent action is necessary, related party transactions may be authorised by the Executive Committee, subject to subsequent ratification by the Board.

Finally, the company makes intragroup transactions on arm's length terms, documenting them according to the requirements of the laws (essentially tax laws) in place in each jurisdiction. This is one of the practices required by the Risk Control and Management Policy established in the Ebro Group.

D.2 List any transactions for a significant amount or object between the company and/or companies in its group and significant shareholders of the company:

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	Commercial	Sale of goods (finished or otherwise)	5,152

D.3 List any significant transactions for a significant amount or object between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of related party	Relationship	Type of transaction	Amount (thousand euro)
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	RELATIVE	Operating leases	41
GRUPO TRADIFÍN, S.L.	CABHER 96, S.L.	CORPORATE	Purchase of goods (finished or otherwise)	113
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Operating leases	340
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Purchase of goods (finished or otherwise)	10,640
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services rendered	12
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services received	115
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Sales of intangible assets	2
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Sale of goods (finished or otherwise)	1,826
ANTONIO HERNÁNDEZ CALLEJAS	ANTONIO HERNÁNDEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	18
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	21
ALIMENTOS Y ACEITES, S.A.	-	-	Dividends and other distributions	9,086
FERNANDO CASTELLÓ CLEMENTE	-	-	Dividends and other distributions	1,315
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	-	-	Dividends and other distributions	2
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	CORPORATE	Dividends and other distributions	2,622
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.U.	-	-	Dividends and other distributions	6,864
GRUPO TRADIFÍN, S.L.	-	-	Dividends and other distributions	6,982
HERCALIANZ INVESTING GROUP, S.L.	-	-	Dividends and other distributions	6,982
CORPORACIÓN ECONÓMICA DELTA, S.A.	-	-	Dividends and other distributions	6,728

D.4 Report any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which, by virtue of their object or terms, do not correspond to the normal business of the Company:

In any case, inform on any inter-company transaction with companies established in countries or territories considered tax havens:

D.5 State the amount of transactions made with other related parties.

295 (thousand euros).

D.6 Describe the mechanisms established to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or significant shareholders:

Apart from the powers of the General Meeting and the Board of Directors on conflicts of interest of the Directors, under Article 24 of the Regulations of the Board of Directors, the Audit and Compliance Committee has the power to settle any conflicts of interest that may arise between the company or the group and its Directors, executives, significant shareholders and listed subsidiaries, if any.

With regard to the directors, Article 36 of the Regulations of the Board provides that Directors may not perform activities for their own or third party account that effectively or potentially compete with the Company or which otherwise puts them in a permanent conflict of interest with the company; and Article 37.1 establishes the obligation of Directors to take such measures as may be necessary to avoid falling into situations in which their interests, for their own or third party account, may conflict with the corporate interests and their duties to the Company.

For this purpose, Article 38 of the Regulations of the Board stipulates that Directors shall inform the Board of any direct or indirect conflict of interest that they or any of their related parties may have with the Company. Furthermore, pursuant to Article 32.4 of the Regulations of the Board, Directors shall abstain from participating in the corresponding debates and voting on resolutions or decisions in which they or any person related to them has a direct or indirect conflict of interest, except in the cases in which they are authorised by law to participate in the discussion and voting.

Rule 13 of the current Internal Code of Market Conduct stipulates that any Relevant Persons (Directors, senior executives and their closely related parties) who are or may be in a conflict of interest shall:

- (i) inform the Compliance Unit of their situation;
- (ii) abstain from participating in or influencing any decisions on the matters affected by the conflict;
- (iii) act with freedom of judgement, loyalty to the Company and its shareholders and independently of their own interests;
- (iv) abstain from requesting or having access to any information or documentation related with the conflict of interest.

It also provides that the Audit and Compliance Committee, assisted by the Compliance Unit, shall make such decisions as may be necessary in respect of any conflicts of interest that may arise.

Without prejudice to their obligation to inform, both the Directors (and in the case of corporate directors, also their representatives on the board) and the significant shareholders of the company are asked each year, when drawing up the Annual Accounts and preparing the Annual Corporate Governance Report, for confirmation of any transactions that they may have made with the Company and/or other companies in the Group, their engagement in activities similar or complementary to those included in the company's objects and that there have been no other conflicts of interest during the year.

D.7 Is more than one company of the Group listed in Spain?

YES NO

Name any subsidiaries listed in Spain:

Listed subsidiary

State whether the respective areas of business and possible business relationships between them have been precisely and publicly defined, as well as those of the listed subsidiary with other group companies;

Define any business relationships between the parent company and the listed subsidiary and between the latter and the other group companies

Describe the mechanisms in place to settle any possible conflicts of interest between the listed subsidiary and other companies in the group:

Mechanisms for solving possible conflicts of interest

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System, including tax risks.

As an integral part of the corporate policies passed by the Board, the Risk Control and Management Policy lays down the basic principles and the general framework for control and management of the business risks, including tax risks, and internal control of financial reporting to which Ebro Foods, S.A. and other companies in its Group are exposed.

Within this general framework, the integral, homogenous Risk Control and Management System is based on the preparation of a business risk map, through which, by pinpointing, assessing and grading of the risk management capacity,

the risks are ranked from greater to lesser impact for the Group and by probability of occurrence. The risk map also identifies methods for mitigating or neutralising the risks detected.

The risk universe is structured in four main groups: compliance, operational, strategic and financial, and they are all subdivided into a large number of categories.

The risk classification process dynamically assesses both the inherent risk and the residual risk after application of the internal controls and action protocols established to mitigate them. These controls include preventive controls, adequate separation of duties, clear levels of authorisation and definition of policies and procedures. These controls can in turn be grouped into manual and automatic, made by data processing applications.

This model is both qualitative and quantitative and can be measured in the Group's results, for which purpose the risk level is considered acceptable or tolerable on a corporate level.

The Risk Control and Management System is dynamic, so the risks to be considered will vary according to the circumstances in which the Group's business is performed.

E.2 Name the corporate bodies responsible for preparing and implementing the Risk Management System, including tax risks.

The System for Control and Management of Risks, including tax risks, and control of financial reporting is based essentially on the following structure:

- The Board of Directors, as ultimately responsible, defines the policy for control and management of risks, including tax risks, and control of financial reporting. Article 17.3 of the Regulations of the Board of Directors provide that the Board shall receive information on the most important aspects of business management and any foreseeable risk situations for the Company and its subsidiaries, together with the actions proposed by the senior management in respect thereof.

- The Audit and Compliance Committee, through the Risks Committee, performs the duties of oversight and monitoring of the financial reporting and risk control systems, reporting regularly to the Board on any significant aspects arising in these areas. It is responsible for supervising and promoting internal control of the Company and the risk management systems and submitting recommendations to the Board on the risk control and management policy and possible mitigation measures in those areas.

- The Risks Committee, based on the policy established by the Board of Directors and under the supervision of and reporting to the Audit Committee, is specifically responsible for coordinating and monitoring the system for control and management of risks, including tax risks, and control of the Group's financial reporting. The Risks Committee also analyses and assesses the risks associated with new investments.

- The Management Committees of the core business units of the Group, on which the Chairman of the Board and the Chief Operating Officer (COO) sit, assess the risks and decide on mitigation measures.

- Risk officers of the core business units of the Group. The Risks Committee nominates individuals in the major subsidiaries to monitor the systems for management and control of risks (including tax risks) and financial reporting and reporting to the Committee.

- Internal Audit Department. Within the internal audits of the different subsidiaries, the Company's Internal Audit Department checks that the testing and control of the financial reporting and risk management systems have been performed adequately in accordance with the indications by the Risks Committee.

E.3 Define the main risks, including tax risks, that could have a bearing on achievement of the company's business goals.

A. Operational risks:

- Food safety. Owing to the nature of the Group's business, aspects regarding food safety are a critical point to which the Group pays the utmost attention, as we are bound by a large number of laws and standards in each of the countries in which the Group's products are put on the market.

- Commodity supply risk. The availability of commodities in the quantity and quality required to meet our commitments to customers and the requirements of our brands is a key factor for our business both nationally (Spanish paddy rice) and internationally (semi-processed rice for the Group subsidiaries).

- Market risk (prices). Unexpected variations in the prices of our commodity supplies may seriously affect the profitability of our commercial transactions, in both the industrial and brand-based segments. The main risk lies in the prices of the

different rice varieties and durum wheat, although it extends also to other materials consumed, such as packaging material and oil derivatives.

- Customer concentration risk. The concentration of customers, which can occur in both the industrial and brand segments, may lead to less favourable commercial terms for our sales and affect our credit risk.

- Technological risk. In our sector, one of the most important tools for competing with our rivals is based on constant technological innovation and searching for ways to adapt to consumers' desires. Consequently, "technological lag" is considered a possible risk.

B. Risks related with the environment and strategy:

- Environmental risk. Respect for the environment is another critical point for the Group, considering our industrial activity, with a large number of plants distributed internationally. We aim to adopt a set of good practices, complying scrupulously with the law.

- Climate risk. The effects of droughts, flooding and other weather perils in the countries where we source our supplies can cause problems of availability and unstable commodity prices, in both rice and durum wheat.

- Competition risk. In general, the pressure from white label brands is the main threat for maintaining the market shares of the Group's brands.

- Reputational risk. This is the risk associated with changes of opinion resulting in a negative perception of the Group, its brands or products by customers, shareholders, suppliers, market analysts, employees, institutions, etc., as they may adversely affect the Group's ability to maintain its commercial and financial relations or its interaction with social partners.

- Changes in lifestyle. The proliferation of low carbohydrate diets or other food habits could alter consumers' perception of our products.

- Country or market risk. Owing to the international nature of the Group's activities, political and economic circumstances in the different countries in which we operate and other market variables, such as exchange rates, interest rates, costs of production, etc. may affect our business.

- Natural disasters, fires. As an industrial group, a significant part of the assets on the Group's balance sheet corresponds to its factories, so any natural incidents (earthquakes, fires, etc.) that may affect the integrity of the Group's plants are a business risk.

C. Compliance risks:

- Sectoral regulatory risk. The food industry is a sector subject to numerous regulations affecting export and import quotas, customs duties, intervention prices, etc., subject to the directives laid down in the Common Agricultural Policy (CAP). The Group's activity may also be affected by changes in legislation in the countries in which it sources raw materials or sells its products.

- General regulatory risk. These include risks of compliance with civil, commercial, criminal and good governance provisions. In the area of criminal risks, the Group has a Crime Prevention Model, monitored and controlled by the Compliance Unit. At the date of this report, the Compliance Unit is working on the preparation of a criminal risks training plan for employees.

- Tax risks. Any changes in the tax laws or the interpretation or application thereof by the competent authorities in the countries in which the Group operates could affect its earnings.

D. Financial risks:

This Group includes foreign exchange, interest rate, liquidity and credit risks. The foreign exchange risk is particularly significant because the functional currency of the Group is the euro, but a considerable part of its commodity supply transactions are in US dollars and a very large part of the Group's investments are also in that currency.

E.4 State whether the company has a risk tolerance level, including one for tax risks.

Risks are measured by both inherent and residual risk.

A scorecard is made each year of the principal ten risks to which the Group may be exposed (the TOP TEN), which are rated and measured as far as possible. If the economic consequences of a risk could cause a loss (or a loss of profit) of more than 5% of the consolidated EBITDA budgeted, or over 20% of the individual EBITDA of a business, it is considered a threat requiring corporate action.

In general, the heads of the different business units (the Management Committee of each unit) define the risks affecting their respective businesses, assess the possible economic impact of those risks and, according to the specific circumstances prevailing, establish whatever mitigation measures they deem fit. Without prejudice to the supervision by the Risks Committee and Audit Committee, the Management Committee of each unit implements and monitors the mitigation measures taken and assesses the results thereof.

This notwithstanding, when a threat is identified that requires action on a corporate level (as mentioned in the first paragraph above), the persons responsible for risk control and management in the corresponding unit inform the Risks Committee of the situation, proposing such mitigation measures as they may consider adequate. The Risks Committee assesses the situation and the sufficiency and suitability of the proposed mitigation measures, supplementing them with additional measures should it deem fit.

E.5 What risks, including tax risks, have occurred during the year?

The following risks occurred within the Ebro Group during 2017, further details of which are provided in explanatory Note eleven in Section H of this Report:

- Commodity price and availability risk
- Country risk
- Risk of natural catastrophes and accidents
- Competition risk
- Regulatory and reputational risk
- Exchange rate risk

E.6 Explain the response and supervision plans for the main risks, including tax risks, to which the company is exposed.

The management committee in each subsidiary is responsible for monitoring the subsidiary's risk supervision system. Management committees usually meet monthly to analyse any risks that may have materialised and follow up the contingency plans and actions taken to mitigate them. Control and monitoring of the economic variables in each subsidiary against the corresponding budget also ensures the immediate detection of unforeseen risk situations. The subsidiaries with greatest weight within the Group, such as the North American subsidiaries, have "Crisis Management Plans" (CMP), which specify the main risks to which the company is exposed, the protocols for responding to them and the company officers responsible for implementation.

This notwithstanding, when a threat is identified that requires action on a corporate level (see section E.4), the persons responsible for risk control and management in the corresponding unit inform the Risks Committee of the situation, proposing such mitigation measures as may be considered adequate. The Risks Committee assesses the situation and the sufficiency and suitability of the proposed mitigation measures, supplementing them with additional measures should it deem fit.

The measures to control, reduce and, as the case may be, mitigate the risks are established according to the following basic criteria:

- They shall seek to neutralise the risk detected, maintaining coherence between the importance of the risk and the cost and means required to neutralise it.
- If neutralisation is not feasible, measures shall be designed to reduce the potential economic consequences, if possible to within tolerance levels.
- The management and control shall, as far as possible, forestall rather than remedy.
- The control mechanisms shall adequately separate management and oversight.
- The different people responsible for risk management shall coordinate their actions to be efficient, seeking the utmost integration between control systems.
- Maximum transparency shall be ensured in the identification and assessment of risks, specification and implementation of mitigation measures and assessment of the results of those measures.

- Compliance must be guaranteed with the internal reporting requirements to the bodies responsible for supervision and control.

F FINANCIAL REPORTING INTERNAL RISK CONTROL AND MANAGEMENT SYSTEM (FRICS)

Describe the mechanisms comprising the financial reporting internal control and risk management systems (FRICS) of your company

F.1 Control environment

Report on at least the following, describing their principal features:

F.1.1 What bodies and/or duties are responsible for: (i) the existence and maintenance of an adequate and effective FRICS; (ii) its implementation; and (iii) its oversight?

As established in its Regulations, the Board of Directors is ultimately responsible for the existence, maintenance and oversight of an adequate, effective financial reporting internal control system (FRICS).

The Audit and Compliance Committee is responsible for: (i) supervising and promoting the procedures and systems used to prepare and control the company's financial reporting; (ii) checking any public financial reporting; and (iii) ensuring implementation of and compliance with the internal regulations and codes applicable to the risk control and management systems in relation to the financial reporting process.

The Management Committee is responsible for the design, implementation and functioning of the FRICS through the Group Finance Department and the Finance Departments of the different business units. The different general managements are responsible for effective implementation of these systems within their respective areas of activity. There are also officers responsible for the different processes documented within the FRICS, who must ensure that those processes are kept up to date, informing the Risks Committee, through the finance department and general management of the corresponding business unit, of any modifications or adaptations required.

The Risks Committee, reporting to the Audit and Compliance Committee, is specifically responsible for coordinating and monitoring the system for control and management of risks, including tax risks, and controlling the Group's financial reporting.

F.1.2 State whether the following elements exist, especially in respect of the financial reporting process:

- Departments and/or mechanisms responsible for: (i) designing and reviewing the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for adequately informing the company.

As established in its Regulations, the Board of Directors is responsible for defining the general strategy and guidelines for management of the Company and its Group and encouraging and supervising the actions taken by the senior officers, establishing an organisational structure that will guarantee the utmost efficiency of the senior management and the management team in general.

According to the Regulations of the Board of Directors, the Nomination and Remuneration Committee is responsible for checking the criteria followed regarding the composition and structure of the Board and for selecting candidates for the Board. It also nominates the Chairman, CEO or managing directors and Secretary of the Board and proposes the assignment of Directors to the different Board Committees, the members of the Management Committee and any other advisory committees that the Board may create.

In turn, under the policies approved by the Board, the Nomination and Remuneration Committee supervises the Senior Management of the Group, both in appointments and removals and in assessing the senior executive remuneration and incentives policy.

Within each group company, the organisational structure of the units participating in the preparation of financial reporting depends on several factors, such as the volume of operations or type of business, but in all cases it corresponds to the need to cover the main duties of recording, preparing, checking and reporting the operations performed and the economic and financial position of the company. The

executive directors and management of Ebro Foods participate actively in the management committees of the Group's subsidiaries, thereby guaranteeing direct communication through the lines of responsibility and authority.

The senior management and the human resources departments of the Group and each of the subsidiaries are responsible for designing the organisational structure according to local needs, the most important subsidiaries having a formal definition through organisation charts, which include a description of the duties and responsibilities of the main areas participating in internal control of financial reporting.

The different job descriptions of positions and responsibilities are maintained by the Human Resources department of each subsidiary and the managements of all the subsidiaries, especially the financial managements, are informed of any new member of a subsidiary.

- Code of conduct, body responsible for its approval, degree of publicity and instruction, principles and values included (stating whether there is any specific mention of the recording of transactions and preparation of financial reporting), body responsible for analysing default and proposing corrective measures and penalties.

The Code of Conduct of the Ebro Group, an update of the earlier Codes of Ethics and Conduct drawn up by the Ebro Foods Group in 2003, 2008 and 2012, was approved by the board on 25 November 2015 and all levels of the organisation were notified.

The Code of Conduct provides guidance on how to act in the Group's internal and external relationships, strengthening the values that distinguish us and establishing a basic reference to be followed by the Group.

The Code aims to:

- Be a formal, institutional reference for personal and professional conduct.
- Guarantee the responsible, ethical behaviour of all the Group's professionals in their work.
- Reduce the element of subjectivity in personal interpretations of moral and ethical principles.
- Create a standardisation tool to guarantee progressive implementation throughout the Group of the ten principles of the UN Global Compact.
- Grow responsibly and committed to all our stakeholders.

As established in the Code of Conduct, the Group assumes a principle of conduct based on transparent reporting, consisting of an undertaking to report reliable financial, accounting or other information to the markets. Accordingly, the company's internal and external financial reporting will give a true and fair view of its real economic, financial and equity situation according to generally accepted accounting principles.

Employees formally sign the Code of Conduct when they join the workforce of most Group companies and all new Group employees during the year were informed and given a copy of the Code.

The Code of Conduct is published in the Intranet, where it can be consulted by any employee, and on the Group's website.

The Audit and Compliance Committee is responsible for monitoring and controlling application of the Code. The Compliance Unit, which has sufficient initiative, autonomy and resources, is responsible, among other duties, for assisting the Audit and Compliance Committee in the supervision of compliance, publication and interpretation of the Code of Conduct.

The Audit and Compliance Committee has an e-mail address to which any Group employee may send queries and suggestions regarding the interpretation of the Code of Conduct.

The Audit and Compliance Committee reports regularly to the Group's Board of Directors on any queries raised in respect of the interpretation and application of the Code of Conduct, how they have been solved and, where appropriate, the interpretation criteria followed.

The Code of Conduct provides that any violation or breach of the Code that is classified as a labour offence shall be penalised according to the labour laws, without prejudice to any other liability that the infringer may incur and the remedial measures that may be established by the different Group companies in pursuance of prevailing laws. On a Group level, the Audit and Compliance Committee, assisted by the Compliance Unit, shall receive reports of any violation of the Code of Conduct and act accordingly.

- Whistleblowing channel, through which the audit committee can be informed of any financial or accounting irregularities, any breaches of the code of conduct and irregular activities within the organisation, indicating whether this channel is confidential.

As established in the Regulations of the Board of Directors, the Audit and Compliance Committee is formally responsible for implementing a confidential whistleblowing channel accessible to all Group employees and defining a protocol for prioritising, processing, investigating and settling reports according to their importance and nature, especially any concerning possible financial or accounting misrepresentations.

For this purpose, the Ebro Group has established a whistleblowing or reporting channel, through its Code of Conduct, through which any irregular conduct in financial, accounting or other areas and any breach of the code of conduct can be reported confidentially.

Through that whistleblowing channel, therefore, any employees may report whatever conduct they may consider necessary and contact the chairman of the Audit and Compliance Committee directly to inform on potential breaches. Access to that e-mail account, technologically protected to prevent any unauthorised access, is limited exclusively to the Chairman of the Audit and Compliance Committee who, as an independent Director, has no relationship with the management structure of the Group.

The Audit and Compliance Committee guarantees the confidentiality of the reports handled, according to a confidentiality commitment signed by all those involved in handling the reports and other precautions included in the "Report Handling Protocol". That protocol, approved by the Audit and Compliance Committee in 2012, establishes the procedure to be followed on receiving reports, regarding their processing, prioritising, solving and notification.

- Training programmes and regular updates for employees involved in the preparation and checking of financial information and evaluation by the FRICS, covering at least accounting and auditing standards, internal control and risk management.

The Ebro Group has a policy of making sure it has personnel with sufficient training and experience to perform the duties and responsibilities assigned to them. The Ebro employees involved in the preparation and checking of the financial information and FRICS evaluation participate in training and refresher courses regarding the laws and standards in place from time to time and good practices to guarantee the reliability of the financial information generated.

The Ebro Group also encourages and provides means and resources for its employees to keep their accounting knowledge up to date through the attendance of seminars, on-line information and other means and regular meetings are held with the external auditors to assess in advance the standards in place or those about to enter into force.

During the year the Ebro Group has focused its training for personnel involved in the preparation and checking of financial information and FRICS evaluation on the following aspects:

- Accounting updates
- Management and control of costs for business decision-making
- Training in the tax laws in different countries
- Financial Reporting Internal Control System Manual

In addition, the external auditors of the Company and its Group regularly attend the meetings of the Audit and Compliance Committee to give training on the principal novelties in accounting and auditing, especially those that have or may have a greater effect on the Group's accounts.

F.2 Measurement of risks in financial reporting

Report at least on:

F.2.1 What are the main features of the risk identification process, including risks of error or fraud, in respect of:

- Whether the process exists and is documented.

Within the risk control and management policy approved by the Board, the financial reporting internal control system is supervised by the Audit and Compliance Committee, assisted by the Risks Committee and the Group Finance Department.

The potential risk events that could affect the organisation are identified and assessed through the FRICS, pinpointing and assessing the risks corresponding to each line of business. Through this risk control and management system, the Ebro Group has drawn up a consolidated risk map by compiling and combining the risk maps of its major subsidiaries.

This process is coordinated by the Risks Committee, which manages and establishes the permitted tolerance to the risk and coordinates actions to align the measures addressing risks with the Group's global risk policy so that the exposure to risk assumed by the Ebro Group overall is known at all times.

Based on the results obtained, systems are devised for addressing risks and internal control, to keep the likelihood and impact of those risks on financial reporting within the tolerance levels, thereby providing reasonable certainty regarding achievement of the strategic business goals.

- Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations); whether it is updated and how often.

The Ebro Group has established a continuous improvement process to minimise the risks related with financial reporting, improving the design and effectiveness of existing controls.

For this purpose, it has a process identifying the risks affecting the reliability of financial reporting, based on and beginning with a definition of the scope, according to quantitative criteria of materiality in respect of the consolidated amounts and other qualitative criteria (error, fraud, uncommon transactions, etc.). Companies in the major business units or divisions that meet any of the afore-mentioned criteria and the material accounting items of each one are defined according to those criteria. Once the material items have been defined on a company level, the processes and sub-processes they affect are established, according to a relationship matrix.

For each of the sub-processes included within the scope, the inherent risks are identified and the checks made by the responsible persons to mitigate those risks are defined, setting this information down in a Risks-Controls Matrix. Those risks take account of all the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations).

The financial reporting risks are identified in the Ebro Group's Risks-Controls Matrix and updated to take account of any changes in the scope of consolidation of the Group or development of its business and their reflection in the financial statements, making a comparative analysis every year of the variations in material processes and sub-processes to establish any risks that have not been previously identified.

- The existence of a process for defining the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, base companies or special purpose vehicles.

The Ebro Group has a process based on internal regulations that guarantees the correct identification of the scope of consolidation through an adequate separation of duties in the requesting, authorising, reporting and recording of any operation entailing the incorporation, merger, division, acquisition or sale of companies and any other corporate operation, directly involving the legal department and the board.

This process considers the possible existence of complex corporate structures, base companies or special purpose vehicles, among other means by establishing an adequate structure to separate the duties of requesting, authorising and reporting for any corporate operation within the Group. No transactions or complex corporate structures that might entail off-balance sheet transactions which should be recorded within the reporting period were identified this year.

- Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they affect the financial statements.

The Risk Control and Management System of the Ebro Group is designed to identify potential risk events that might affect the organisation. At present there are four types of risks: Operating, Compliance, Strategic and Financial risks, and the conclusions are taken into account insofar as the risks may affect financial reporting. For this purpose, the Risks Committee acts as a unit of coordination and interrelation of the effect of the risks detected on the different areas (management, business, financial reporting, legal, reputational etc. risks).

- Which governing body of the company supervises the process.

While the Board has the power, which it may not delegate, to determine the policy for control and management of risks, including tax risks, and supervision of the FRICS, the Audit and Compliance Committee is responsible for supervising and promoting the procedures and systems used to prepare and control the Company's financial reporting, and controlling the implementation of and compliance with the risk control and management systems, both in general and in respect of the financial reporting process.

F.3 Control activities

Inform whether the company has at least the following, describing their main features:

F.3.1 Procedures for checking and authorising financial information to be published on the stock markets and description of the FRICS, indicating who is responsible for these tasks and documentation describing the flows of activities and controls (including those checking for the risk of fraud) in the different types of transactions that may have a material effect on the financial statements, including the procedure for closing of accounts and the specific review of judgements, estimates, valuations and significant projections.

The priorities established within the Ebro Group include the quality and reliability of the financial information, both internal information for decision-making and external information published on the markets. The information to be provided by the different units is requested by the Group financial department, paying special attention to the processes of closing the accounts, consolidation, measurement of intangibles and areas subject to judgement and estimates.

The Ebro Group has procedures for checking and authorising the financial information and description of the FRICS, responsibility for which corresponds to the Financial Department, the Risks Committee, the Audit and Compliance Committee and the Board of Directors.

The Audit and Compliance Committee checks and analyses the financial statements and any other important financial information, as well as the principal judgements, estimates and projections included and discusses them with the corporate financial department and the internal and external auditors to confirm that the information is complete and the principles applied are consistent with those of the previous full-year accounts.

The procedure for checking and authorising the financial information corresponds to the Group financial department, based on the information checked and validated by the different units. The Audit and Compliance Committee supervises this information to be published on the market and it is approved by the Board of Directors.

The Group has implemented an improvement process to increase the documentation and make the generation of financial information and its subsequent supervision more effective and efficient.

The significant processes involved in the generation of the Group financial reporting are documented based on the COSO internal control model. The main processes documented are:

- Closing of Financial Statements and Reporting
- Consolidation
- Sales and Receivables
- Purchases and Payables
- Fixed Assets
- Inventories
- Payroll

The documentation outline is extended progressively, according to the materiality and the general criteria established in the Group's financial reporting internal control system.

The persons responsible for each of the documented processes in each subsidiary have been identified. They are responsible for keeping those processes up to date on an annual basis, reporting any modifications or adaptations to the Risks Committee through the Group's financial department.

Process documentation includes details of the flows and transactions and the financial reporting objectives and controls established to ensure they are met. It also contemplates the risks of error and/or fraud that might affect the financial reporting objectives. The documentation of flows of activities and controls that may have a material effect on the financial statements, including the accounts closing procedure, includes the preparation of narratives on the processes, flow charts and risk and control matrices. The controls identified are both preventive and detective, manual or automatic, describing also their frequency and associated information systems.

F.3.2 Internal control procedures and policies for the IT systems (including access security, track changes, operation, operating continuity and separation of duties) used for the significant processes of the company in the preparation and publication of financial information.

The Group has rules of action for managing financial information security. Those rules are applicable to the systems used to generate financial information and the IT Department is responsible for defining and proposing the security policies.

Within its policies and infrastructure management the Ebro Group has procedures to secure each of the following points:

i) Both physical and logical access are controlled to ensure that only authorised internal and external personnel can access the Ebro centres and systems. Ebro has several Data Centres, the main one in Spain where the company's critical systems are housed. The major subsidiaries also have local data centres. They all have their own infrastructure to guarantee adequate control of access to the installations. In small subsidiaries, the general rule is to have external service providers to provide that security. When external service providers are used, the Ebro Group makes internal audits of the information systems and their architecture, including the security aspect.

Logical access control is secured with efficient management of access to our systems, whether internal or external, and through a user management coordinated with the human resources department and the company's group of managers. Ebro has user access control systems and workflow tools to guarantee inter-departmental integration and efficient updating of user status, regularly identifying those who no longer access the systems. Ebro Foods has begun a global Duties Separation project, within its corporate risk control policy.

External access is guaranteed through specific users and controlled management. The necessary elements have also been provided on a network level to ensure that only authorised users and processes have access from outside.

ii) The larger subsidiaries mainly use the ERP system called SAP. In all those cases, Ebro has procedures underpinned by systems in which production changes are systematically filtered and assessed, their life cycle managed, and disseminated after acceptance by specific users and impact analysis in the systems currently used in production.

iii) The separation of duties is underpinned by the use of roles by groups of users, which allow access only to the information and transactions previously approved by the organisation. The modification or creation of new roles is backed by the same procedure that guarantees management of the user life cycle and is applicable to the major companies of the Ebro Group. Special attention is paid to separation in IT support processes to make sure that the tasks of development, sending to production and administration of the system are duly separated.

iv) Ebro has internal tools which, combined with the user support departments and systems (Help Desks), guarantee the management and traceability of incidents in the IT systems. Programme changes are managed within that system, which is based on ITIL best practices and management.

The critical information systems are always housed in our data centres and there are individuals assigned to each one who are responsible for proactive monitoring of the automatic processes and proactive assessment of the yield and functioning of the systems.

Ebro has global contracts with security control tool providers, which guarantee the installation of such tools in all the computer and data processing equipment used in the company.

v) Ebro has tools to guarantee the continuity of business support by its IT systems in the event of a fatal error or system crash. There are backup systems and policies in its data centres that guarantee access to information and systems in case of a crash. The use of tape or disk backups and replicating the information in several computers with subsequent triangular distribution are habitual procedures for making incremental or complete backup copies. The current systems allow recovery of the information up to the specific time of the fatal error or system crash.

F.3.3 Internal control procedures and policies to oversee the management of outsourced activities and any aspects of valuation, calculation or measurement commissioned to independent experts, which may have a material impact on the financial statements

In general, the Ebro Group manages all activities that may have a material impact on the reliability of the financial statements directly using internal resources to avoid outsourcing. There are very few outsourced activities and the procedures and controls of those activities are regulated in the contracts signed with the service providers in question.

The valuation, calculation or measurement activities commissioned by the Ebro Group to independent experts are mainly concerned with the appraisal of properties, actuarial studies of commitments to employees and impairment testing of intangibles.

Only service providers of internationally recognised standing are used for these valuation reports, making sure that they are not affected by any circumstance or event that could compromise their independence.

The reports obtained from these firms are submitted to internal review to check that the most significant assumptions and hypotheses used are correct and that they comply with the International Valuation Standards (IVS) and International Financial Reporting Standards (IFRS). Furthermore, the valuation processes and the hypotheses and assumptions used by independent experts are reported to and considered by the external auditors of the Company and its Group.

F.4 Information and communication

Inform whether the company has at least the following, describing their main features:

F.4.1 A specific department responsible for defining the accounting policies and keeping them up to date (accounting policy department or division) and solving queries or conflicts deriving from their interpretation, maintaining fluent communication with those responsible for operations in the organisation, as well as an updated accounting policy manual distributed among the units through which the company operates.

The Ebro Group has adequate procedures and mechanisms to put the applicable criteria across to the employees involved in the preparation of financial information and the IT systems used in that preparation. This is done through the Management Control Unit and the Corporate Financial Department, whose powers include the following, among others:

- Define, administer, update and report on the Group's accounting policies, in compliance with the applicable accounting standards and rules of consolidation for the preparation and presentation of financial information to be disclosed.
- Prepare, update and report on the Accounting Policy Manual to be applied by all financial units in the Group. This manual is updated annually.
- Settle any queries or conflicts regarding the interpretation and application of the accounting policies, maintaining fluent communication with those responsible for these operations in the organisation.
- Define and create templates, formats and criteria to be used for preparing and reporting the financial information. All financial information distributed on the markets is prepared by consolidating the reports of the different business units, prepared using mechanisms for data input, preparation and presentation that are homogenous for the entire Group. These mechanisms are designed to enable compliance with the standards applicable to the principal financial statements, including accounting criteria, valuation rules and presentation formats and embrace not only the balance sheet, profit and loss account, statement of changes in equity and statement of cash flows, but also the obtaining of other information that is necessary to prepare the notes to the financial statements.

F.4.2 Mechanisms for collecting and preparing financial information with homogenous formats, applied and used by all business units in the company or group, valid for the main financial statements and notes, and the information given on the FRICS

The Group's financial information is prepared using a process of aggregating separate financial statements at source for subsequent consolidation according to the applicable accounting and consolidation standards, to obtain the consolidated financial information to be presented monthly to the Board and published periodically on the markets.

The process of aggregation and consolidation of the Group's financial statements is based on homogenous, common format templates that include different tables and reports to be completed. They also have automatic internal controls to check the integrity and reasonability of the data input.

These templates are validated each month by a financial manager in each subsidiary before sending them for checking and consolidation. To complete the automatic checks, those data and the estimation, valuation and calculation principles used to obtain them, as well as the accounts closing procedure, are checked by the financial manager at each level of aggregation and consolidation until the Ebro Group consolidated financial information is obtained, prepared and checked by the corporate financial department.

The Ebro Group has established a reporting system for the Financial Reporting Internal Control System, which is available in the Group for all the subsidiaries included within the scope of the FRICS. Through that reporting, the management of the parent coordinates maintenance of the system in the rest of the subsidiaries annually through the assignment of persons responsible for their maintenance and updating in the event of any significant change to be taken into consideration in the documentation. Finally, if any weaknesses are detected in the financial reporting internal control system, the subsidiaries are notified of the necessary action plans and they are monitored by management of the parent.

F.5 Supervision of the functioning of the system

Inform on at least the following, describing their main features:

F.5.1 The FRICS supervisory activities performed by the Audit Committee and whether the company has an internal audit department responsible, among its duties, for assisting the committee in its supervision of the internal control system, including the financial reporting internal control system (FRICS). Inform also on the scope of the FRICS appraisal made during the year and the procedure through which the department or body responsible for the appraisal informs on the outcome, whether the company has an action plan defining any possible corrective measures and whether their impact on the financial information has been considered.

The Board of Directors is ultimately responsible for the existence, maintenance and supervision of an adequate, effective financial reporting internal control system. Among the duties defined in the Regulations of the Board of Directors, the Audit and Compliance Committee assists and supports the board in its supervision of the accounting and financial information, the internal and external audit services and corporate governance.

The Audit and Compliance Committee, assisted by the Risks Committee, must see that the internal audit procedures, the internal control systems in general, including the risk management control system and, in particular, the financial reporting internal control system, are adequate. The Audit and Compliance Committee also ensures that the external auditor and manager of the Internal Audit Department are selected on the basis of objective, professional qualifications, guaranteeing their independence in the performance of their duties; reports to the board on any related party transactions submitted for its consideration; controls any possible conflicts of interest; and, in general, makes sure that all the company's information and reporting, particularly financial, complies with the principle of truth and maximum transparency for shareholders and markets.

The Risks Committee, as the central control system, monitors adequate fulfilment by the risk officers of the respective units of the following duties: (i) monitoring, updating and review of the business risks map and the different financial reporting processes; (ii) compliance with the reporting protocols for business risks and financial information; (iii) assessment of the measures for mitigating and controlling any risks detected, and (iv) assessment of the effectiveness of the systems and controls by testing processes indicated by the Risks Committee, assisted by the heads of the different units and, where necessary, external advisers. The Risks Committee, based on the policy established by the Board and supervised by and reporting to the Audit Committee, is specifically responsible for coordinating and monitoring the risks control and management system, including tax risks, and checking the Group's financial information.

Within the business risks control and FRICS, the Internal Audit Department makes sure that the testing and control of risk management and financial reporting systems have been done properly, within the internal audits carried out on different subsidiaries during the year, according to the Internal Audit Plan.

The Internal Audit Department has submitted its annual working plan to the Audit and Compliance Committee and reported directly to said committee on any incidents detected in the performance of that work, proposing the corresponding action plan defining any necessary corrective measures; and at the end of each year, it has submitted an activity report.

The results of checks made by the Internal Audit Department and any incidents detected by the Risks Committee have been reported to the Audit and Compliance Committee. Moreover, the action plan devised for remedying those incidents has been sent to both the person responsible for remedying them and the Audit and Compliance Committee.

F.5.2 Inform on whether the company has a discussion procedure whereby the auditor (according to the provisions of the auditing standards), the internal audit department and other experts can inform the senior management and audit committee or company directors of any significant weaknesses detected in internal control during the auditing or checking of the annual accounts or any other processes commissioned to them. Indicate also whether the company has an action plan to remedy or mitigate the weaknesses observed.

The Audit and Compliance Committee has a stable, professional relationship with the external auditors of the principal companies in its group, strictly respecting their independence. That relationship favours communication and discussion of any internal control weaknesses pinpointed during the auditing of annual accounts or any other audit work commissioned to them.

In this regard, the Audit and Compliance Committee receives information from the external auditor at least every six months on the audit plan and outcome of its performance, and checks that the senior management heeds the auditor's recommendations.

In addition, as established in the Regulations of the Board, it is responsible for overseeing the Internal Audit Services, examining the financial reporting process and internal control systems.

During 2017, the External Auditor and Manager of the Internal Audit Department each attended 5 meetings of the Audit and Compliance Committee.

F.6 Other significant information

N/A

F.7 External auditor's report

Inform on:

- 7.7.1 Whether the FRICS information sent to the markets was checked by the external auditor, in which case the company should include the corresponding report in an annex. If not, why not.

The report issued by the external auditor is appended hereto.

G EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with the recommendations of the Unified Good Governance Code.

If any recommendation is not followed or is only partly followed, include a detailed explanation of the reasons so that shareholders, investors and the market in general have sufficient information to assess the company's actions. General explanations are not acceptable.

1. The Articles of Association of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.

Complies Explanation

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:

- a) The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies;
b) The mechanisms in place to solve any conflicts of interest.

Complies Partial compliance Explanation Not applicable

3. During the annual general meeting, to supplement the written distribution of the annual corporate governance report, the chairman of the board should inform the shareholders orally, in sufficient detail, of the most important aspects of the company's corporate governance, especially:

- a) Any changes made since the previous annual general meeting.
b) The specific reasons why the company does not follow any of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies Partial compliance Explanation

4. The company should define and promote a policy of communication and contacts with shareholder, institutional investors and proxy advisors that fully respects the laws against market abuse and gives similar treatment to shareholders who are in the same position.

And the company should publish that policy on its website, including information on how it has been implemented, naming those responsible for such implementation.

Complies Partial compliance Explanation

5. The board should not table a motion at the general meeting for delegating powers to issue shares or convertible securities excluding the preferential subscription right in a sum of more than 20% of the capital at the time of the delegation.

And when the board approves an issue of shares or convertible securities excluding the preferential subscription right, the company should immediately publish on its website the reports on that exclusion required by commercial law.

Complies Partial compliance Explanation

6. Listed companies that prepare the following reports, whether mandatory or voluntary, should publish them on their websites sufficiently in advance of the annual general meeting even though that publication is not compulsory:
- a) Report on the independence of the auditor.
 - b) Reports on the functioning of the audit committee and the nomination and remuneration committee.
 - c) Report by the audit committee on related party transactions.
 - d) Report on the corporate social responsibility policy.

Complies Partial compliance Explanation

All the sections of this Recommendation are met, except c).

Although the Audit and Compliance Committee checks that all the related party transactions with significant shareholders, Directors and other related parties have been made at market prices and on arm's length terms and issues a favourable report to the Board, after studying this Recommendation the Company does not consider it convenient to publish the contents of that report because it contains sensitive commercial information that is confidential for the Group in respect of its rivals.

7. The company should broadcast general meetings live, through its website.

Complies Explanation

General Meetings of shareholders of Ebro Foods S.A. are not broadcast live through the corporate website owing to the size and capitalisation of the Company.

Furthermore, considering the little use made of the technical means intended to increase shareholders' participation at general meetings (such as the shareholders' forum or electronic voting and proxies) and the ample quorum at general meetings (77.4538% at the last AGM held on 1 June 2017), the Company considers it unnecessary at present to invest economic resources in the live broadcasting of general meetings.

All information on what happens at the general meeting is subsequently published in Spanish and English on the corporate website, where it is fully available, downloadable and easy to access, with no limitations or restrictions of any nature.

The Company has studied this Recommendation and for the time being does not contemplate live broadcasting of the AGM to be held in 2018, considering that its general meetings comply with the principles of transparency and adequate information recommended by the Code of Good Governance.

8. The audit committee should make sure that the board endeavours to avoid a qualified auditor's report on the accounts laid before the general meeting, and in exceptional circumstances when such qualifications exist, both the chairman of the audit committee and the auditors shall clearly explain to the shareholders their content and scope.

Complies Partial compliance Explanation

9. The company should publish permanently on its website the requirements and procedures it will accept as proof of ownership of shares, right to attend the general meeting and exercise or delegation of shareholders' voting right.

And those requirements and procedures should favour the attendance and exercise by shareholders of their rights, not being in any way discriminatory.

Complies Partial compliance Explanation

10. If a legitimate shareholder has exercised their right, prior to the general meeting, to supplement the agenda or submit new proposed resolutions, the company should:

- a) Immediately distribute those supplementary items and new proposed resolutions.
- b) Publish the model attendance card or proxy form or postal/electronic voting form with the necessary modifications to enable voting on the new items on the agenda and alternative proposed resolutions on the same terms as those proposed by the board of directors.
- c) Put all these items or alternative proposals to the vote and apply the same voting rules as those applicable to the proposals by the board, including in particular the presumptions or deductions regarding votes.
- d) After the general meeting, report the details of the voting on those supplementary items or alternative proposals.

Complies Partial compliance Explanation Not applicable

11. If the company plans to pay attendance fees for general meetings, it should establish in advance a general policy on those fees and that policy should be stable.

Complies Partial compliance Explanation Not applicable

12. The board should perform its duties with unity of purpose and independence of judgement, give the same treatment to all shareholders in the same position and be guided by the company's interests, namely the achievement of a profitable business sustainable in the long term, promote its continuity and maximise the economic value of the company.

And in its search for the company's interests, apart from respecting the laws and regulations and acting in good faith, ethically and with respect for generally accepted use and good practice, endeavour to reconcile the corporate interests with the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, as the case may be, and the impact of the company's activities on the surrounding community and environment.

Complies Partial compliance Explanation

13. The Board should have the necessary size to operate effectively, with participation. The recommended size is, therefore, between five and fifteen members.

Complies Explanation

14. The board should approve a policy for selecting directors which:

- a) Is specific and verifiable.
- b) Ensures that nominations or proposals for re-election are based on a prior analysis of the board's needs.
- c) Favours the diversity of expertise, experience and gender.

The results of the prior analysis of the board's needs should be set out in the report by the nomination committee published when calling the general meeting at which the ratification, appointment or re-election of each director is proposed.

And the policy for selecting directors should promote the target that the number of female directors on the board should be equivalent to at least 30% of the total members of the board by 2020.

The nomination committee shall check compliance with the policy for selecting directors annually and inform on that check in the annual corporate governance report.

Complies Partial compliance Explanation

15. The proprietary and independent directors represent an ample majority of the board and the number of executive directors is the minimum necessary, taking account of the complexity of the corporate group and the percentage stake held by the executive directors in the company's capital.

Complies Partial compliance Explanation

16. The ratio of proprietary directors to total non-executive directors should not be greater than the ratio of capital represented by those directors to the rest of the capital.

This may be eased:

- a) In companies with a high capitalisation, in which shareholdings legally considered significant are scarce.
- b) In companies with a plurality of unrelated shareholders represented on the board.

Complies Explanation

17. The number of independent directors should represent at least one-half of the total directors.

This notwithstanding, if the company does not have a large capitalisation or if it has a high level of capitalisation but has one shareholder, or several acting in concert, that controls more than 30% of the capital, the number of independent directors should represent at least one-third of the total directors.

Complies Explanation

18. Companies should publish on their websites and keep up to date the following information on their directors:

- a) Professional and biographic profile.
- b) Other directorships held, in listed or unlisted companies, and other remunerated activities performed, of whatsoever nature.
- c) Indication of the category of director, indicating for proprietary directors the shareholder they represent or with which they are related.
- d) Date of first appointment as director of the company and subsequent re-elections.
- e) Shares and stock options held in the company.

Complies Partial compliance Explanation

Although there is no specific section on the corporate website containing the information contemplated in paragraph b), the information on the Directors of Ebro Foods, S.A., including directorships held in listed companies and positions and activities performed, remunerated or otherwise, in companies engaged in similar or identical activities as Ebro Foods, is set out in the annual accounts and corporate governance report each year published in the corresponding sections of the website.

After studying this Recommendation, the Company considers that it informs on the directorships held in listed companies and positions and activities performed, remunerated or otherwise, in companies engaged in similar or identical activities as Ebro Foods, S.A. in sufficient detail to comply with the transparency in reporting sought by the Code of Good Governance.

19. Once checked by the nomination committee, the annual corporate governance report should include an explanation of the reasons why proprietary directors have been appointed at the request of shareholders with an interest of less than 3% in the capital, as well as the reasons, if appropriate, for not meeting formal requests for presence on the board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.

Complies Partial compliance Explanation Not applicable

20. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.

Complies Partial compliance Explanation Not applicable

21. The Board should not propose the removal of any independent director before the end of the period for which they were appointed, unless there are just grounds for doing so, as appreciated by the Board subject to a report by the Nomination Committee. In particular, just grounds are deemed to exist when the director takes up new positions or contracts new obligations preventing them from dedicating the necessary time to performance of their duties on the board, or if they breach their duties or fall into any of the circumstances by virtue of which they would no longer be considered independent, according to the applicable legal provisions.

The removal of independent directors may also be proposed following takeover bids, mergers or other similar corporate operations entailing a change in the ownership structure of the company, when changes in the structure of the board are required by the principle of proportionality contemplated in Recommendation 16.

Complies Explanation

22. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's credit and reputation. In particular, directors should be obliged to inform the Board of any criminal proceedings brought against them and the subsequent development of the proceedings.

If a director is prosecuted or tried for any of the offences contemplated in company law, the Board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.

Complies Partial compliance Explanation

23. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the Board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the Board.

And when the Board adopts significant or reiterated decisions about which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if they opt to resign, explain the reasons in the letter contemplated in the following recommendation.

This recommendation also affects the Secretary of the Board, even if he or she is not a director.

Complies Partial compliance Explanation Not applicable

24. If a director resigns or retires from office on whatsoever grounds before the end of his or her term of office, they should explain the reasons in a letter sent to all the Board members. Regardless of whether the retirement is announced as a regulatory disclosure, the reason shall be indicated in the Annual Corporate Governance Report.

Complies Partial compliance Explanation Not applicable

The company partially complies with this recommendation because Dr August Oetker explained the personal and professional reasons for stepping down as director in writing to the chairman and orally to all the directors after the AGM held on 1 June 2017.

Since all the directors were duly informed of the reasons for Dr August Oetker's resignation, the company considers that it has complied with the principles of the Code of Good Governance applicable in respect of the retirement of directors and that the form used by Dr Oetker to explain his reasons for resigning (written or oral) is not significant in this case.

25. The nomination committee should make sure that non-executive directors have sufficiently availability to perform their duties correctly.

And the regulations of the board should stipulate the maximum number of directorships that may be held by its directors.

Complies Partial compliance Explanation

Although the Regulations of the Board of Directors do not stipulate a maximum number of directorships that may be held by the Directors of Ebro Foods, S.A., it does impose on the Directors the obligation to dedicate to the Company such attention and time as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the company (Article 32 of the Regulations of the Board, "General duties of Directors").

After studying this Recommendation, the Company considers that the principles pursued by the Code of Good Governance in this respect are met with the obligation regarding dedication imposed in Article 32 of the Regulations of the Board.

26. The Board should meet as often as may be necessary to secure efficient performance of its duties, following the calendar and business established at the beginning of the year, although any director may individually propose other items not initially contemplated to be included on the agenda.

Complies Partial compliance Explanation

27. Non-attendance of Board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to miss a Board meeting, a proxy should be granted with the appropriate instructions.

Complies Partial compliance Explanation

28. When the Directors or the Secretary express concern over a proposal, or, in the case of Directors, the company's performance, and those concerns are not settled by the board, they should be put on record, at the request of those expressing them.

Complies Partial compliance Explanation Not applicable

29. The company should establish adequate channels for directors to obtain any counselling they may need to perform their duties, including, should circumstances so require, external counselling at the company's expense.

Complies Partial compliance Explanation

30. Regardless of the expertise required of directors to perform their duties, companies should also offer their directors refresher courses in the appropriate circumstances.

Complies Explanation Not applicable

31. The agenda for meetings should clearly indicate the items on which the board is called upon to adopt a decision or resolution, so that the directors can study or obtain in advance the information they may need.

In exceptional cases, for reasons of urgency, the chairman may submit decisions or resolutions not included on the agenda for approval by the board, the prior, express consent of most of the directors present will be necessary, putting this on record in the minutes.

Complies Partial compliance Explanation

32. Directors shall be regularly informed on any changes in the ownership of the company and the opinion held by the significant shareholders, investors and ratings agencies of the company and its group.

Complies Partial compliance Explanation

33. Being responsible for the efficient functioning of the board of directors, apart from performing the duties assigned by law and in the articles of association, the chairman should prepare and submit to the board a schedule of dates and business to be transacted; organise and coordinate the periodical assessment of the board and chief executive, if any, of the company; be responsible for managing the board and for its efficient operation; make sure sufficient time is allotted to the discussion of strategic issues; and resolve and review the refresher programmes for each director whenever circumstances so require.

Complies Partial compliance Explanation

34. When there is a lead independent director, the articles of association or regulations of the board should assign the following powers, apart from those corresponding to them by law: preside over board meetings in the absence of the chairman and vice-chairmen, if any; echo the concerns of non-executive directors; hold contacts with investors and shareholders to find out their points of view and form an opinion on their concerns, particularly regarding the corporate governance of the company; and coordinate the plan for succession of the chairman.

Complies Partial compliance Explanation Not applicable

Although the Articles of Association and Regulations of the Board of Directors do not expressly assign to the lead independent Director the powers contemplated in this Recommendation, said Director is entirely free to exercise them.
The Articles of Association and Regulations of the Board do not establish any limit on the exercise of those powers by the lead independent Director or any other Director.
After studying this Recommendation, the Company considers that since any Director, not only the lead independent Director, may exercise the powers contemplated in this Recommendation, and since the Chairman is the only one who has executive duties, this is sufficient to avoid any concentration of powers in the executive Chairman, as sought by the Code of Good Governance.

35. The secretary of the board should especially ensure that the actions and decisions of the board follow the recommendations on good governance contained in the Code of Good Governance that are applicable to the company.

Complies Explanation

36. The full Board should assess once a year and, where necessary, adopt an action plan to correct any deficiencies detected in respect of:

- a) The quality and effectiveness of the Board's actions.
- b) The functioning and composition of its committees.
- c) Diversity in the composition and powers of the Board.
- d) The performance by the Chairman of the Board and Chief Executive Officer of their respective duties;
- e) The performance and contribution of each director, paying special attention to the heads of the different board committees.

The different committees should be assessed based on the reports they submit to the Board and the Board will be assessed on the basis of the report it submits to the Nomination Committee.

Every three years, the Board will be assisted in this assessment by an external consultant, whose independence shall be checked by the Nomination Committee.

The business relations that the consultant or any company in its group has with the company or any company in its group should be described in the Annual Corporate Governance Report.

The process and areas assessed should also be described in the Annual Corporate Governance Report.

Complies Partial compliance Explanation

37. When there is an Executive Committee, the balance between the different types of director should roughly mirror that of the Board and its secretary should be the Secretary of the Board.

Complies Partial compliance Explanation Not applicable

The Secretary of the Board is also secretary of the Executive Committee.

The Company partially complies with this Recommendation because following the death on 16 February 2017 of an independent Director who was on the Executive Committee, this Committee has one executive Director (the Chairman of the Board, who also chairs this Committee) and two proprietary Directors.

The Company is aware of this situation and is studying the best way to include an independent Director in this Committee.

38. The Board should be informed at all times of the business transacted and decisions made by the Executive Committee and all Board members should receive a copy of the minutes of Executive Committee meetings.

Complies Explanation Not applicable

39. The members of the Audit Committee, especially its chairman, should be appointed on account of their expertise and experience in accounting, auditing or risk management, and most of those members should be independent directors.

Complies Partial compliance Explanation

40. Under the supervision of the Audit Committee, there should be an internal audit unit to see that the internal control and reporting systems work properly. This unit should report to the non-executive chairman of the Board or the chairman of the Audit Committee.

Complies Partial compliance Explanation

41. The head of the internal audit unit should submit its annual work programme to the Audit Committee, report directly any incidents that may arise during its fulfilment and submit an activity report at the end of each year

Complies Partial compliance Explanation Not applicable

42. In addition to those contemplated in law, the Audit Committee should have the following duties:

1. In connection with the internal control and reporting systems:

- a) Supervise the preparation and integrity of the company's, and where appropriate the group's, financial reporting, checking compliance with the legal requirements, adequate definition of the scope of consolidation and correct application of accounting principles.
- b) Oversee the independence and efficacy of the internal audit department; propose the nomination, appointment, re-appointment and removal of the chief audit officer; propose the budget for this department; approve its approach and working plans, making sure its activity focuses mainly on the material risks of the company; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.

- c) Establish and supervise a “whistle-blowing” procedure so employees can confidentially and, where appropriate, even anonymously report any potentially important irregularities they observe within the company, particularly in financial and accounting aspects.

2. In connection with the external auditors:

- a) Investigate the circumstances giving rise to resignation of any external auditor.
- b) Ensure that the remuneration of the external auditors for their work does not jeopardise their quality or independence.
- c) See that the company reports the change of auditor to the CNMV in a regulatory disclosure, attaching a declaration on the possible existence of disagreements with the outgoing auditor and the contents of those disagreements, if any.
- d) Make sure that the external auditors hold an annual meeting with the full board to inform on the work done and the evolution of the company’s risks and accounting situation.
- e) Ensure that the company and external auditors respect the provisions in place on the provision of services other than auditing, limits on the concentration of the auditor’s business and, in general, any other provisions regarding the independence of auditors.

Complies Partial compliance Explanation

43. The Audit Committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies Partial compliance Explanation

44. The Audit Committee should be informed on any corporate and structural operations that the company plans to make, so that it can analyse them and submit a preliminary report to the board on the economic terms and impact on accounts, and particularly on the exchange ratio proposed, if any.

Complies Partial compliance Explanation Not applicable

45. The risk control and management policy should identify at least:

- a) The different types of risk, financial and non-financial (including operational, technological, legal, social, environmental, political and reputational) to which the company is exposed, including contingent liabilities and other off-balance-sheet risks among the financial or economic risks.
- b) The risk level that the company considers acceptable.
- c) The measures contemplated to mitigate the impact of the risks identified, should they materialise.
- d) The internal control and reporting systems to be used to control and manage those risks, including contingent liabilities and other off-balance-sheet risks.

Complies Partial compliance Explanation

46. Under the direct supervision of the audit committee or, as the case may be, an ad hoc committee of the board, there should be an internal risk control and management role exercised by an internal unit or department of the company expressly having the following duties:

- a) See that the risk control and management systems work properly and, in particular, that all the major risks affecting the company are adequately identified, managed and quantified.
- b) Participate actively in the preparation of the risk strategy and in the major decisions on their management.
- c) See that the risk control and management systems adequately mitigate the risks within the policy defined by the board.

Complies Partial compliance Explanation

47. Companies should ensure that the members of the Nomination and Remuneration Committee -or the Nomination Committee and the Remuneration Committee, if they are separate- have adequate experience, skills and expertise for the duties they are to perform and that most of those members are independent directors.

Complies Partial compliance Explanation

All the members of the Nomination and Remuneration Committee have adequate experience, skills and expertise for their duties. The Nomination and Remuneration Committee of the Company has four members, two of whom are proprietary Directors and the other two are independent, including the Chairman of the Committee. Although the Company considers that the present composition of the Nomination and Remuneration Committee complies with the principles of the Code of Good Governance in this respect, it will bear this Recommendation in mind if it fills the vacancy currently existing on the Board of Directors.

48. Companies with a high level of capitalisation should have a separate nomination committee and remuneration committee.

Complies Explanation Not applicable

49. The nomination committee should consult the chairman of the board and the chief executive of the company, especially on matters referring to the executive directors.

And any director should be able to request the nomination committee to consider potential candidates to fill vacancies on the board, in case they were suitable in the committee's opinion.

Complies Partial compliance Explanation

50. The remuneration committee should perform its duties independently, having the following duties in addition to those assigned to it by law:

- a) Propose to the board the basic terms of contract of the senior executives.
- b) See that the remuneration policy established by the company is observed.
- c) Periodically review the remuneration policy applied to directors and senior executives, including the systems of payment with shares and their application, and ensure that their individual remuneration is in proportion to that paid to other directors and senior executives of the company.
- d) Ensure that any conflicts of interest that may arise do not jeopardise the independence of the external counselling provided to the committee.
- e) Check the information on the remuneration of directors and senior executives in the different corporate documents, including the annual report on directors' remuneration.

Complies Partial compliance Explanation

51. The remuneration committee should consult the chairman of the board and the chief executive of the company, especially on matters referring to the executive directors and senior executives.

Complies Partial compliance Explanation

52. The rules of composition and procedure of the supervision and control committees should be included in the regulations of the board and be coherent with those applicable to the committees required by law according to the foregoing recommendations, including the following:

- a) The members should be exclusively non-executive directors, most of them independent directors.
- b) They should be chaired by independent directors.
- c) The board should appoint the members of these committees on account of the expertise, skills and experience of the directors and the duties of each committee; and the committees should discuss its proposals and reports; and report on its activities at the first board meeting following their meetings, answering for the work done.
- d) The committees should be able to obtain external counselling whenever they may consider it necessary to perform their duties.
- e) Minutes should be issued of their meetings and made available to all directors.

Complies Partial compliance Explanation Not applicable

53. The supervision of compliance with the rules of corporate governance, internal codes of conduct and corporate social responsibility policy should be assigned to one or distributed among several committees of the board, which may be the audit committee, the nomination committee, the corporate social responsibility committee, if any, or an ad hoc committee that the board, exercising its powers of self-organisation, may decide to set up. These committees should specifically have the following minimum duties:

- a) Oversight of compliance with the internal codes of conduct and the company's corporate governance rules.
- b) Supervision of the strategy of communication and relations with investors and shareholders, including small and medium-sized shareholders.
- c) Periodical assessment of the adequacy of the company's corporate governance system to ensure that it fulfils its mission of promoting corporate interests and takes account of the legitimate interests of the other stakeholders, where appropriate.
- d) Review of the company's corporate responsibility policy, making sure that it is geared towards creating value.
- e) Monitoring of the corporate social responsibility strategy and practices and assessment of the degree of compliance.
- f) Supervision and assessment of the processes of relations with different stakeholders.
- g) Assessment of everything related with non-financial risks in the company, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordination of the reporting process for non-financial information and diversity, complying with the applicable legal provisions and international benchmark standards.

Complies Partial compliance Explanation

54. The corporate social responsibility policy should include the principles or commitments that the company voluntarily undertakes in its relationships with the different stakeholders and define at least the following:

- a) The corporate social responsibility goals and the development of supporting instruments.
- b) The corporate strategy related with sustainability, the environment and social issues.
- c) Specific practices in matters related with shareholders, employees, customers, suppliers, social issues, environment, diversity, tax responsibility, respect for human rights and prevention of unlawful conduct.
- d) The methods or systems for monitoring the results of applying the specific practices contemplated in the preceding paragraph, the associated risks and management thereof.
- e) The mechanisms for supervising non-financial risks, ethics and business conduct.
- f) The communication channels, participation and dialogue with stakeholders.
- g) Responsible communication practices to avoid manipulation of information and protect integrity and honour.

Complies Partial compliance Explanation

55. The company should inform, in a separate document or in the directors' report, on matters related with corporate social responsibility, using one of the internationally accepted methodologies.

Complies Partial compliance Explanation

56. The remuneration of directors should be high enough to attract and retain directors with the desired profiles and remunerate the dedication, qualification and responsibility required by their office, but should not so high as to jeopardise the independence of non-executive directors.

Complies Explanation

57. Variable remuneration linked to the company's yield and personal performance and the remuneration paid in shares, stock options, rights over shares or instruments indexed to the value of the share, and long-term savings systems such as pension plans, retirement schemes or other welfare systems, should be limited to executive directors.

The delivery of shares as remuneration to non-executive directors may be contemplated when it is conditional upon holding those shares until they retire from the board. This will not be applicable to any shares that the director may need to sell to pay the costs incurred in their acquisition.

Complies Partial compliance Explanation

58. For variable remunerations, the remuneration policies should establish the limits and technical precautions required to make sure those remunerations are linked to the professional performance of their beneficiaries and do not merely derive from general trends on the markets or in the company's sector of business or other similar circumstances.

In particular, the variable components of the remuneration should:

- a) Be linked to predetermined, measurable yield criteria, which consider the risk assumed to obtain a result.
- b) Promote the company's sustainability and include non-financial criteria that are adequate for the creation of long-term value, such as compliance with the internal rules and procedures of the company and its policies for the control and management of risks.
- c) Be based on a balance between meeting short, medium and long-term goals, permitting the remuneration of yield achieved through continuous performance over a sufficient period of time to appreciate their contribution to the sustainable creation of value, such that the elements for measuring that yield are not related only with one-off, occasional or extraordinary events.

Complies Partial compliance Explanation Not applicable

59. The payment of a significant part of the variable components of remuneration should be deferred for a minimum time that is sufficient to check that the yield conditions established above have actually been met:

Complies Partial compliance Explanation Not applicable

60. Earnings-linked remuneration should take account of any qualifications made in the report by the external auditors that may reduce those earnings.

Complies Partial compliance Explanation Not applicable

61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments indexed to their value.

Complies Partial compliance Explanation Not applicable

Of the two executive Directors, only the Chairman of the Board of Directors, Antonio Hernández Callejas, receives remuneration for his executive duties. Heralianz Investing Group, S.L. does not receive any such remuneration, for the reasons explained elsewhere in this Report.

The current variable remuneration systems of the executive Director are described in the Annual Report on Directors' Remuneration 2017 and are linked to the achievement of pre-established measurable, quantifiable objectives related with personal performance and other factors that promote the Company's and Group's long-term sustainability and profitability.

Although Article 22 of the Articles of Association contemplates the possibility that directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares, the Board of Directors has not so far submitted this form of remuneration to approval by the General Meeting, considering that the systems of variable remuneration of the executive Director currently used are most appropriate for stimulating his motivation and personal performance, and his commitment to and relationship with the Group's interests.

After studying this Recommendation, the Company considers that the current system for remuneration of the only executive Director who receives remuneration for his executive duties (the Chairman) is adequate for his professional talent and profile, and his relationship with the significant shareholder Heralianz Investing Group, S.L. (see section C.1.17 and explanatory Note six of section H of this Report on the executive Chairman's relationship with Heralianz Investing Group, S.L.). The Company also considers that this system incorporates the necessary mechanisms to avoid excessive exposure to risks and reward for unfavourable results, as recommended by the Code of Good Governance.

62. Once the shares, stock options or rights over shares corresponding to the remuneration systems have been distributed, the directors may not transfer the ownership of a number of shares equivalent to twice their annual fixed remuneration or exercise the stock options or rights until at least three years after being allotted those shares, options or rights.

This will not be applicable to any shares that the director may need to sell to pay the costs incurred in their acquisition.

Complies Partial compliance Explanation Not applicable

63. Contracts should include a clawback clause whereby the company may to claim repayment of the variable components of remuneration when the amounts paid do not correspond to fulfilment of the conditions regarding yield or when paid on the basis of data subsequently proved to be misstated.

Complies Partial compliance Explanation Not applicable

64. Termination benefits should not exceed a specified amount equivalent to two years' total annual remuneration and should not be paid until the company has confirmed that the director has met the performance requirements established above.

Complies Partial compliance Explanation Not applicable

H OTHER INFORMATION OF INTEREST

1. If you consider there to be any important aspects regarding the corporate governance practices applied by your company or other companies in the group that have not been mentioned in this report, but which should be included to obtain more complete, reasoned information on the corporate governance practices and structure in the company or group, describe them below and give a brief explanation.
2. This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive.

In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

3. The company may also state whether it has voluntarily applied any international, sector-based or other codes of ethical principles or good practices. If so, it should name the code in question and the date of its accession.

EXPLANATORY NOTE ONE, CONCERNING THE CHANGES ON THE BOARD, THE CURRENT COMPOSITION OF THE BOARD AND THE CLASSIFICATION OF DIRECTORS

A) CHANGES ON THE BOARD

In addition to the retirement of two directors as reported in section C.1.2 of this report, the following changes occurred in the board during 2017:

- At the Board of Directors meeting held on 29 March 2017, after a favourable assessment by the Nomination and Remuneration Committee, Javier Gómez-Trenor Vergés was incorporated as the new representative on the Board of the corporate Director Empresas Comerciales e Industriales Valencianas, S.L., taking over from Juan Luis Gómez-Trenor Fos, who passed away in January 2017.

- At the same meeting and upon proposal by the Nomination and Remuneration Committee, the independent director José Ignacio Comenge Sánchez-Real was appointed Lead Independent Director to take the place of José Antonio Segurado García, who passed away in February 2017.

- On 28 June 2017, in view of the reports by the Nomination and Remuneration Committee and the Board of Directors, the significant shareholder Corporación Económica Delta, S.A. (represented by María Carceller Arce) was appointed proprietary Director by cooptation, to fill the vacancy produced by the resignation as of 1 June 2017 of the proprietary Director Dr. August Oetker.

The following changes have occurred within the Board of Directors between 31 December 2017 and the date of issuance of this Report:

- Javier Fernández Alonso tendered his resignation as Director and member of the Executive Committee and the Strategy and Investment Committee on 31 January 2018. Mr. Fernández Alonso was classified as a proprietary Director by virtue of having been nominated upon proposal by the significant shareholder Corporación Financiera Alba, S.A.
- At the Board of Directors meeting held on the same date, 31 January 2018, in view of the reports by the Nomination and Remuneration Committee and the Board of Directors, Corporación Financiera Alba, S.A. (represented by Javier Fernández Alonso) was appointed proprietary Director by cooptation, to fill the vacancy produced by the resignation of Mr Fernández Alonso. Corporación Financiera Alba, S.A. was also appointed member of the Executive Committee and the Strategy and Investment Committee.
- On 21 March 2018 (date of issuance of this Report), Corporación Económica Delta, S.A. (represented by María Carceller Arce) stepped down as proprietary Director, being so classified by virtue of its status as significant shareholder.
- On the same date, 21 March 2018, in view of the reports by the Nomination and Remuneration Committee and the Board of Directors, the Board resolved to appoint María Carceller Arce proprietary Director by cooptation in order to fill the vacancy produced by that resignation.

B) PRESENT COMPOSITION OF THE BOARD

Following the changes indicated in A) above, the composition of the board at the date of this report is as follows:

- Antonio Hernández Callejas, Chairman. Executive Director
- Demetrio Carceller Arce, Vice-Chairman. Proprietary Director upon proposal by the significant shareholder Corporación Económica Delta, S.A.
- Alimentos y Aceites, S.A., represented by Concepción Ordiz Fuertes. Proprietary Director by virtue of its status as significant shareholder
- Belén Barreiro Pérez-Pardo. Independent Director
- Fernando Castelló Clemente. Independent Director
- José Ignacio Comenge Sánchez-Real. Lead independent Director
- Mercedes Costa García. Independent Director
- Empresas Comerciales e Industriales Valencianas, S.L.U., represented by Javier Gómez-Trenor Vergés. Proprietary Director by virtue of its status as significant shareholder
- Grupo Tradifin, S.L.U., represented by Blanca Hernández Rodríguez. Proprietary Director by virtue of its status as significant shareholder
- Heralianz Investing Group, S.L.U., represented by Félix Hernández Callejas. Executive Director. Director by virtue of its status as significant shareholder. See section C) of this explanatory Note for the reasons for its classification as executive.
- Corporación Financiera Alba, S.A., represented by Javier Fernández Alonso. Proprietary Director by virtue of its status as significant shareholder
- María Carceller Arce. Proprietary Director upon proposal by the significant shareholder Corporación Económica Delta, S.A.

The vacancy caused by the death of José Antonio Segurado García on 16 February 2017 has not yet been filled at the date of this Report.

C) CLASSIFICATION OF THE DIRECTOR HERCALIANZ INVESTING GROUP, S.L.

The following is put on record regarding the classification of Heralianz Investing Group, S.L. as executive Director:

- (i) It does not perform executive or management duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, receives no remuneration for such duties.
- (ii) It is classified as an executive Director because its individual representative on the Board of Directors of Ebro Foods, S.A. is an executive of one of the Group's subsidiaries.
- (iii) It holds the position of director because it is a significant shareholder of the Company, with a total direct and indirect interest of 7.961%. Heralianz Investing Group, S.L. would continue to be a Director of Ebro Foods, S.A. during such time as it continues to be a significant shareholder, regardless of who its personal representative is and the executive position that said representative may hold within the Group.

EXPLANATORY NOTE TWO, ON SECTION A.5

Relationships between the companies of the Ebro Foods Group and the significant shareholders, excluding those who are Directors, are explained in section A.5.

See sections D.2 and D.3 of this Report.

EXPLANATORY NOTE THREE, ON SECTION C.1.12

José Ignacio Comenge Sánchez-Real is on the Board of Ence Energía y Celulosa, S.A., as representative of the corporate director Mendibea 2002, S.L.

EXPLANATORY NOTE FOUR, ON SECTION C.1.15

The directors' remunerations indicated in section C.1.15 include attendance fees received by the Chairman of the Board of Ebro Foods, S.A., Antonio Hernández Callejas, as Director of Pastificio Lucio Garofalo, S.p.A. (a company in the Ebro Group), totalling 5,000 euros and paid by that company.

In addition, the Chairman of the Board of Directors received 5,200 euros from Riso Scotti, S.p.A. (associate company, in which Ebro Foods, S.A. holds a 40% interest) in attendance fees as Director of that company.

EXPLANATORY NOTE FIVE, ON SECTION C.1.16

All the company executives of Ebro Foods, S.A. are included in section C.1.16.

For this purpose, the heads of the principal departments of Ebro Foods, S.A. are considered "executives" even if they do not have a senior management employment relationship with the company. This is the case of the Chief Operating Officer (COO) of the Ebro Group.

EXPLANATORY NOTE SIX, ON SECTION C.1.17

- Grupo Tradifin, S.L. and Heralianz Investing Group, S.L. are Directors and significant shareholders of Ebro Foods, S.A. with an interest of 7.961% each.

- Antonio Hernández Callejas has a direct interest of 33.333% in Heralianz Investing Group, S.L. and, therefore, an indirect interest in Ebro Foods, S.A. through the 7.961% direct interest held by Heralianz Investing Group, S.L. in Ebro Foods, S.A.

- Félix Hernández Callejas, representative of Heralianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A., has a direct interest of 33.333% in Heralianz Investing Group, S.L. and, therefore, an indirect interest in Ebro Foods, S.A. through the 7.961% direct interest held by Heralianz Investing Group, S.L. in Ebro Foods, S.A. Félix Hernández Callejas is joint and several Director of that company.

- Blanca Hernández Rodríguez, representative of Grupo Tradifin, S.L. on the Board of Directors of Ebro Foods, S.A., has a direct interest of 33.25% in Grupo Tradifin, S.L. and, therefore, an indirect interest in Ebro Foods, S.A. through the 7.961% direct interest held by Grupo Tradifin, S.L. in Ebro Foods, S.A. Blanca Hernández Rodríguez is Managing Director of that company.

- Demetrio Carceller Arce has a direct interest of 0.823% in Sociedad Anónima Damm and an indirect interest in Ebro Foods, S.A. through the 11.507% indirect interest held by that company in Ebro Foods, S.A. through Corporación Económica Delta, S.A.

- Javier Gómez-Trenor Vergés, representative of Empresas Comerciales e Industriales Valencianas, S.L. on the board of directors of Ebro Foods, S.A., has a direct interest of 16.63% in Empresas Comerciales e Industriales Valencianas, S.L. and, therefore, an indirect interest in Ebro Foods, S.A. through the 7.827% direct interest held by that company in Ebro Foods, S.A. Javier Gómez-Trenor Vergés is Chairman of the Board of Empresas Comerciales e Industriales Valencianas, S.L.

María Carceller Arche, director since 21 March 2018, has a direct interest of 0.04% in Sociedad Anónima Damm and an indirect interest in Ebro Foods, S.A. through the 11.507% indirect interest held by that company in Ebro Foods, S.A. through Corporación Económica Delta, S.A. She also has a direct interest of 0.003% in Ebro Foods, S.A.

EXPLANATORY NOTE SEVEN, ON SECTION C.2.1

A. The name of the audit committee in the company is "Audit and Compliance Committee" and the name of the nomination and remuneration committee is "Nomination and Remuneration Committee".

B. Grupo Tradifin, S.L. was appointed member of the Audit and Compliance Committee on account of the expertise and experience in accounting and auditing of its representative, Blanca Hernández Rodríguez.

C. The changes in the Board indicated in explanatory Note one of this section H have only affected the composition of the Executive Committee and the Strategy and Investment Committee, in which Javier Fernández Alonso was replaced as of 31 January 2018 by the proprietary Director Corporación Financiera Alba, S.A., represented by Mr Fernández Alonso. Corporación Financiera Alba, S.A. is a member of both Committees.

EXPLANATORY NOTE EIGHT, ON SECTION D.3

With regard to the related party transactions with directors and executives listed in section D.3 of this Report, we inform as follows:

- The Directors Grupo Tradifin, S.L. and Heralianz Investing Group, S.L. each own 50% of Instituto Hispánico del Arroz, S.A., with which the Ebro Group habitually enters into commercial transactions at market prices and on arm's length terms. The transactions effected with that company and its subsidiaries in 2017 are indicated in section D.3 as associated with the Director Heralianz Investing Group, S.L., although they must also be considered associated with the Director Grupo Tradifin, S.L. by virtue of the 50% stake this Director holds in Instituto Hispánico del Arroz, S.A.
- During 2017, Ebro Foods, S.A. distributed a sum of €17 thousand in dividends among the executives listed in section C.1.16 of this Report.

EXPLANATORY NOTE NINE, ON SECTION D.5

A summary of the transactions made in 2017 between companies of the Ebro Group and "other related parties" is set out below:

- Transactions between the Ebro Foods Group and Hernández Barrera Servicios, S.L., a company in which Félix Hernández Callejas, representative of the Director Heralianz Investing Group, S.L. on the Board of Ebro Foods, S.A., is Director.
 - Services rendered in a sum of €2 thousand
 - Services received in a sum of €291 thousand
- Dividends distributed to individuals representing corporate Directors on the Board of Ebro Foods, S.A. in a sum of €2 thousand.

EXPLANATORY NOTE TEN

Ebro Foods, S.A. has a 40% interest in Riso Scotti S.p.A. This is an associated investment consolidated by the equity method.

The transactions made during 2017 between Riso Scotti S.p.A. and companies in the Ebro Foods Group are summarised below:

- Purchase of goods (finished or otherwise), €600 thousand
- Sale of goods (finished or otherwise), €2,910 thousand
- R&D transfers and licence agreements, €9 thousand
- Other income, €5 thousand
- Dividends received, €750 thousand
- Services rendered (income), €6 thousand

EXPLANATORY NOTE ELEVEN, ON SECTION E.5

Details are given below of the risks that occurred during 2017, listed in section E.5 of this Report:

- Commodity price and availability risk

Aromatic rice prices rose progressively as from the second quarter of 2017, owing to a smaller sowing area in recent crop years and a smaller quantity of water available in some of the growing areas, which affected the harvest and the carryover stock. The price rise first hit the basmati rice varieties, then extended to Thai fragante. Average year-on-year export prices fluctuated by over 40% in basmati varieties, while the variation in Thai fragante was similar to December 2016.

It is difficult to pass on higher commodity costs to customers, especially when they are so abrupt as those described above, and lengthy negotiations are required, so part of the increased cost must be borne by the company. The final impact will depend on the negotiations under way with customers in some of the Group's principal markets.

The risk that the rice campaign 2017/18 in southern Spain will be affected by the drought has been considered probable in recent months, when the water levels in reservoirs regulating the river basins concerned have been unprecedentedly low. If this situation continues, irrigation could be limited in rice-growing areas, with material consequences for the forthcoming harvest.

This possibility is significant for the Group, as the area concerned is a major source of supply for our plants in the south of the peninsula. To mitigate this risk, protocols have been activated to raise the carryover levels for the next crop year and find new sources of supply in other countries (such as Argentina, which would give us a counter-cycle harvest).

As we reported last year, the tougher sanitary controls for rice and the prohibition to use certain fungicides for pest control in the European Union present a challenge for guaranteeing supply and quality from certain sources, especially in South East Asia. The Group has maintained its commitment to quality, strictly monitoring the procurement policy and quality control at source, and working conscientiously with local growers and producers.

Prior to the new harvest of durum wheat, the announcement of a smaller growing area and poor quality of carryover stock sowed unrest in the market over the summer, especially in North America, where prices unexpectedly hiked. The situation stabilised after the summer as the quality of the new harvest proved to be higher than the average over the past ten years and the production estimated in the rest of the world offset the smaller harvest in North America, but a short position of our subsidiary pushed up the cost of supplies in this geographical area. Despite the difficulty of foreseeing this type of situations, new measures have been taken to monitor and coordinate the purchase departments in the different supply regions.

- Country risk

The uncertainty surrounding the UK's exit from the European Union remains in similar terms to those mentioned in this report last year.

- Risk of natural catastrophes and accidents

The effects of hurricanes Harvey and Irma, which hit the south of the United States, were felt in our Texas plants (Freeport and Alvin), the distribution centre in Florida and the head offices of Riviana in Houston.

Prior to the imminent arrival of the hurricanes, the planned precautionary measures were taken to: (i) prevent the water coming into contact with the rice in the silos and the finished product; and (ii) divert production as far as possible to the Group's other plants.

Despite those preventive measures, damage was caused to the electrical installations and the product in store and extraordinary costs were incurred in reprocessing the rice and inventory control and safety measures, which dented the profit for the year. The risk control management immediately assessed the value of damage in order to claim from the insurance company. This is currently pending settlement.

Furthermore, a fire broke out this year at a finished product warehouse owned by a third party in the USA, caused by an electrical problem. This damaged product we had deposited at that warehouse. The damage was promptly analysed, the value of the damaged stock was assessed and a claim was filed for the sums insured, which are expected to cover practically all the damage.

- Competition risk

The challenges of aggressive price competition faced by our pasta subsidiary in Canada, which we mentioned last year, still represent a significant risk for maintaining margins and the value of assets related with that business unit. Efforts continued with a view to securing customer loyalty and adequate sales volumes, while investing in innovation in order to achieve market growth and an adequate price structure.

- Regulatory and reputational risk

Two ministerial decrees were published in Italy during the year, introducing the obligation to state on the packaging the origin of all rice sold in Italy and the wheat used to produce the pasta sold in the country, as well as the location of processing those products.

The packaging must clearly state whether the product is from Italy, the rest of the EU or other origins.

The decrees met with a major response from other exporting countries, such as Canada and the USA and the Food Drink Europe grouping, since it represented a rupture of the Common Market. It was also contested by Italian producers (Aidepi), who considered the measure hasty and confusing, since it linked the Italy brand exclusively with the source of the wheat used to produce it. Even so, they entered into force in February 2018, although the European Union is expected to issue a firm opinion during 2018 regarding the growing trend of demanding identification on the labelling of products' country of origin.

Our Group sells pasta in that country along with numerous Italian manufacturers. There is no obligation to source wheat from Italy for that pasta and we believe that the true value added derives from an exhaustive selection of the grain used and a top quality production process, which combines tradition and state-of-the-art controls, so no changes are planned in our specifications.

- Exchange rate risk

The USD-euro exchange rate was highly volatile during the year, rising from approximate parity (with rates of up to 1.03 USD/euro) at the beginning of January to over 1.20 USD/euro in early September and the end of December, continuing into January 2018. This situation has two principal effects for the Group:

- a) Since approximately 40-45% of our income is generated in that currency, exchange rate fluctuations have a direct effect on the Group's profits when those amounts are translated to our functional currency, the euro.
- b) Because a significant part of our raw materials are purchased in USD.

In this regard, despite a correlation between the evolution of the exchange rate and the source prices of these raw materials, there is still an exchange rate risk, which the Group tries to hedge with financial instruments. The greater the volatility, the greater the uncertainty and the greater the difficulty of establishing an adequate hedging policy.

EXPLANATORY NOTE TWELVE, ON SECTION G

- RECOMMENDATION 11

The Company has a Policy on Attendance Fees for General Meetings, which establishes the principle that those fees will not be cash payments, but the delivery of a gift related with the products of Ebro Group and/or its brands.

- RECOMMENDATION 17

Following the death of an independent director in February 2017, a vacancy was produced on the Board. At the date of this report, that vacancy still exists. At the AGM held on 1 June 2017 it was resolved to maintain the number of Board members at 13, but the vacancy has not been filled.

The board currently has four independent Directors, representing 30.76% of the total Board of thirteen members (33.33% of the total of twelve if we do not count the vacant position).

Therefore, since Ebro Foods, S.A. has a low capitalisation, it complies with the recommendation for the number of independent Directors to represent at least one-third of the total Directors.

Nevertheless, the Nomination and Remuneration Committee is studying the possibility of filling the vacancy on the Board with the appointment of a new independent Director.

ETHICAL PRINCIPLES AND CODES VOLUNTARILY APPLIED BY EBRO FOODS, S.A.:

- United Nations Global Compact - 2001
- Project of the Spanish Commercial Coding Association (AECOC) against food waste, "Don't waste food, use it" - 2012
- Member of the Advisory Committee of the United Nations Sustainable Development Goals Fund (SDGF) to boost the Sustainable Development Goals (SDG) - 2015
- Sustainable Agriculture Initiative (SAI) Platform - 2015
- SERES Foundation - 2015
- Sustainable Rice Platform - 2016
- Forética. 2017
- Cool Farm Alliance. 2017

This Annual Corporate Governance Report was approved by the Board of Directors of the company on 21/03/2018.

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

YES NO

**The English version of this document is purely informative.
In the event of any discrepancy between the Spanish and English versions of
this document, the Spanish version will prevail.**

EBRO FOODS, S.A.

Auditor Report on the "2017 Disclosures Regarding the Internal Control over Financial Reporting System"

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

AUDIT REPORT ON THE "DISCLOSURES REGARDING THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) SYSTEM" OF EBRO FOODS, S.A. FOR 2017

To the Board of Directors of Ebro Foods S.A.,

As per the request made by the Board of Directors of EBRO FOODS, S.A. (hereinafter, the Company) and our proposal letter of November 23, 2017, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of EBRO FOODS, S.A. for 2017, which summarize the Company's internal control procedures in respect of its annual reporting exercise.

The Board of Directors is responsible for taking the opportune measures to reasonably assure the implementation, maintenance and supervision of an adequate internal control system, making improvements to this system and preparing the contents of the ICFR disclosures required of the accompanying Annual Corporate Governance Report (ACGR).

Against this backdrop, it is important to note that, regardless of the quality of design and effective functioning of the ICFR system adopted by the Company in respect of its annual financial reporting effort, the latter can only provide reasonable but not absolute assurance regarding the objectives pursued, due to the limitations intrinsic to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we have only carried out the specific procedures described below, as indicated in the Procedures for external audit reviews of an entity's ICFR disclosures contained in the Internal Control over Financial Reporting in Listed Companies report published by Spain's securities market regulator, the CNMV (and available on its website), which establishes the procedures to be performed, the scope thereof and the contents of this report. Given that the products resulting from these procedures is at any rate limited in scope and substantially more limited than an audit or review of the internal control system, we do not express any opinion on the effectiveness of the system or on its design as effective functioning in respect of the Company's 2017 financial reporting disclosures, as described in the accompanying ICFR disclosures. Consequently, had we performed additional procedures to those stipulated in the above mentioned that the Company is required to present, other matter might have come to our attention that would have been reported to you.

Furthermore, given that this special assignment neither constitutes a financial statement audit nor is subject to the Consolidated Text of Spain's Financial Statement Audit Act, we do not express an opinion in the terms provided for in that piece of legislation.

The procedures performed are itemized below:

1. Read and understand the information prepared by the Entity in relation to the ICFR - which is provided in the Director's Report disclosure- and assess whether such information addresses all the required information which will follow the minimum content detailed in Section F, relating to the description of the ICFR, as per the ACGR model established by CNMV Circular nº 7/2015 dated December 22, 2015.
2. Questioning of personnel responsible for drawing up the information detailed in item 1 above: (i) to obtain an understanding of the process that goes into drawing up the information; (ii) to obtain information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning.
3. Reviewing the explanatory documents supporting the information detailed in item 1, including documents directly made available to those responsible for describing ICFR system. The documentation to be reviewed may include reports prepared for the audit committee by internal audit, senior management and other internal or external specialist.
4. Comparing the information detailed in item 1 above with their knowledge of the Company's ICFR obtained through the external audit procedures applied during the annual audit.
5. Reading of the minutes taken at meetings of the board of directors, audit committee and other committees of the Company to evaluate the consistency between the ICFR business transacted and the information detailed in item 1 above.
6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in item 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any inconsistencies or incidents that could affect such disclosures.

This report was prepared exclusively within the framework of the requirements established by article 540 of the consolidated text of the Corporate Enterprises Act and by Circular nº7/2015 dated December 22, 2015 of the Spanish National Securities Market Commission related to the description of the ICFR in the Annual Corporate Governance Report.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

David Ruiz-Roso Moyano

March 20, 2018



I, the Secretary of the Board of Directors of Ebro Foods, S.A. hereby certify that the members of the Board have signed this document containing the consolidated annual accounts and directors' report of Ebro Foods Group for the year running from 1 January to 31 December 2017, on 224 pages, excluding this one, printed on one side only (the Annual Corporate Governance Report is included at the end of the directors' report, after page 157, numbered from 1 to 63, inclusive, together with the Auditors' Report on the FRICS, on 4 pages). This certificate is signed by each and every one of the directors, in person or by the representative, against their names and surnames set out below.

Madrid, 21 March 2018

Luis Peña Pazos
Secretary of the Board

Antonio Hernández Callejas
Chairman

Demetrio Carceller Arce
Vice-Chairman

Alimentos y Aceites, SA
(Concepción Ordiz Fuertes)

Belén Barreiro Pérez-Pardo

María Carceller Arce

Fernando Castelló Clemente

José Ignacio Comenge Sánchez-Real
Lead Independent Director

Mercedes Costa García

Empresas Comerciales
e Industriales Valencianas, SL
(Javier Gómez-Trenor Vergés)

Corporación Financiera Alba, SA
(Javier Fernández Alonso)

Grupo Tradifín, SL
(Blanca Hernández Rodríguez)

Hercalanz Investing Group, SL
(Félix Hernández Callejas)