
GOVERNANCE
Bodies





GOVERNANCE BODIES

The governance bodies of Ebro Foods, S.A. are the General Meeting of Shareholders and the Board of Directors.

The General Meeting is the company's sovereign body. It is competent to discuss and adopt resolutions on all business reserved in law or the Articles of Association for decision by this body and, in general, on all business which, within its legal scope of competence, is submitted to it by the Board of Directors or the shareholders as stipulated in law.

Save in any matters reserved by law, regulations or the Articles of Association to the General Meeting, the Board of Directors is the highest body of governance and administration of the company, with full powers to direct, administer and represent the company in the activities comprising its objects. The Board of Directors commissions the day-to-day management of the company to its executive members and the senior officers, focusing its own activities on oversight and certain general duties including, among others, those corresponding to it by law, those established in the Regulations of the Board and any that may be delegated to it by the General Meeting of Shareholders in the form stipulated in law.

The Board of Directors will have no fewer than seven nor more than fifteen members, the General Meeting being competent to decide their exact number and to appoint and remove directors.

At 31 March 2019, the Board of Directors of Ebro Foods has thirteen members, two of whom are executive directors, seven are proprietary directors and four are independent directors.



15.38%

EXECUTIVE

53.85%

PROPRIETARY

30.77%

INDEPENDENT



The following table shows the composition of the Board at 31 March 2019.

CHAIRMAN

Antonio Hernández Callejas	 	Executive
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VICE-CHAIRMAN

Demetrio Carceller Arce	  	Proprietary
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MEMBERS

Alimentos y Aceites, S.A. Represented by Concepción Ordiz Fuertes ⁽¹⁾		Proprietary
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Belén Barreiro Pérez-Pardo		Independent
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María Carceller Arce		Proprietary
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Fernando Castelló Clemente	 	Independent
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Jose Ignacio Comenge Sánchez-Real		Independent
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Mercedes Costa García (Lead Independent Director since 22-11-2018 replacing José Ignacio Comenge Sánchez-Real)	 	Independent
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Corporación Financiera Alba, S.A. Represented by Javier Fernández Alonso	  	Proprietary
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Empresas Comerciales e Industriales Valencianas, S.L. Represented by Javier Gómez-Trenor Vergés		Proprietary
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Grupo Tradifin, S.L. Represented by Blanca Hernández Rodríguez	 	Proprietary
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Hercalanz Investing Group. S.L. ⁽²⁾ Represented by Félix Hernández Callejas		Executive
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Pedro Antonio Zorrero Camas (Director since 13/12/2018)	 	Proprietary
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NON-DIRECTOR SECRETARY

Luis Peña Pazos		
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NON-DIRECTOR VICE-SECRETARY

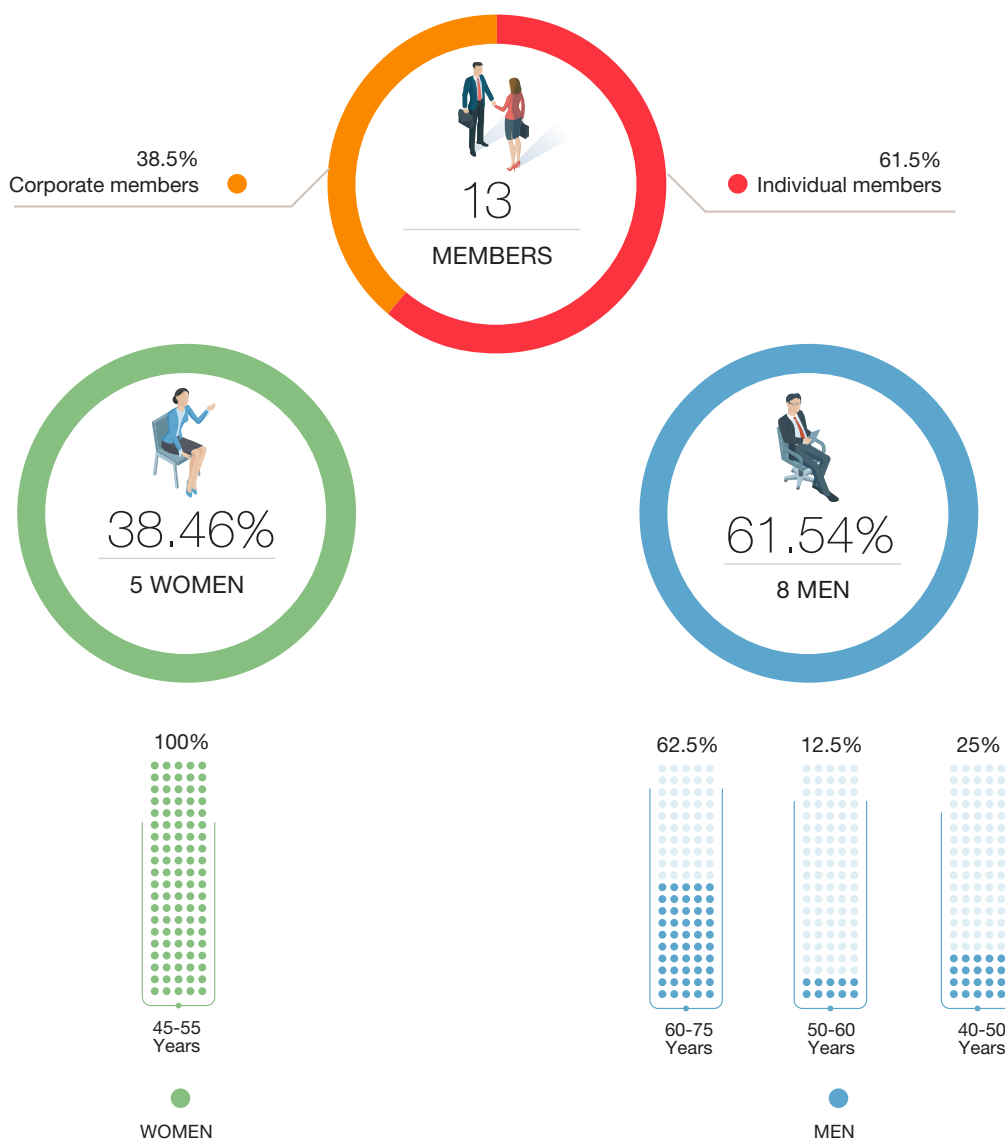
Yolanda de la Morena Cerezo		
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(1) The director Alimentos y Aceites S.A. informed the company after 31 March 2019 that Concepción Ordiz Fuertes had resigned as representative of that company on the Board of Directors of Ebro Foods, S.A. and the appointment of Macarena Charlo Prieto as its new representative. This change is pending entry in the Trade Register.

(2) Hercalanz Investing Group, S.L. has never performed executive or management duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, has not received any remuneration as such. It is classified as executive director in view of the fact that its representative on the Ebro Foods board is an executive of one of the Group's subsidiaries.



With this composition of the board: (i) the four independent directors represent 30.77% of the total directors, complies with the recommendation of the Good Governance Code that the number of independent directors should represent at least one-third of the total directors; and (ii) women account for 38.46% of the total board members. This is a larger portion than the target set in the Policy for Selecting Directors and Diversity in the Composition of the board of Directors, according to which by 2020 the gender least represented on the board should account for at least 30% of the total board members. That target was reached in January 2017 and reinforced in June 2017.



There are also four Committees, which guarantee fulfilment of the Board's duties and have the powers and competence established in the law, the Articles of Association and the Regulations of the Board.



At 31 March 2019, the composition of the four Committees is as follows:

EXECUTIVE COMMITTEE

Antonio Hernández Callejas (Chairman)
Demetrio Carceller Arce
Corporación Financiera Alba, S.A.
Represented by Javier Fernández Alonso
Pedro Antonio Zorrero Camas

NOMINATION AND REMUNERATION COMMITTEE

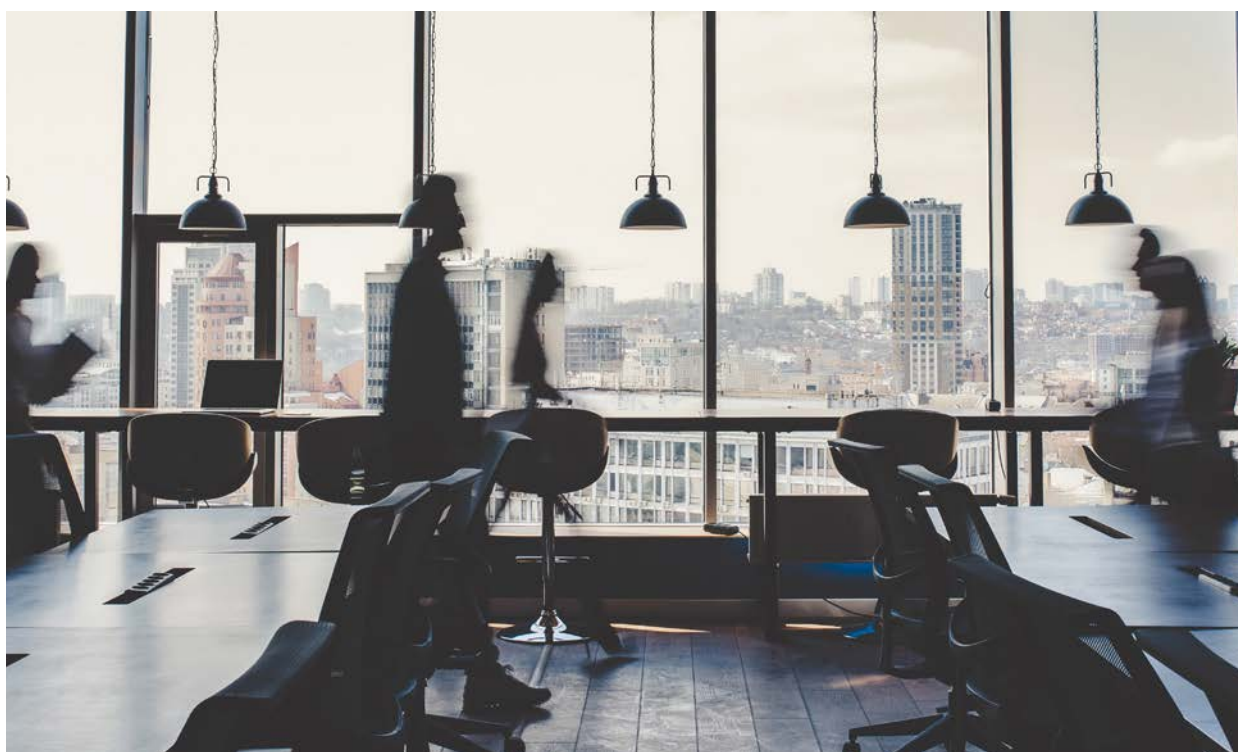
Fernando Castelló Clemente (Chairman)
Demetrio Carceller Arce
Grupo Tradifín, S.L.
Represented by Blanca Hernández Rodríguez
Mercedes Costa García
Belén Barreiro Pérez-Pardo

AUDIT AND COMPLIANCE COMMITTEE

Mercedes Costa García (Chairman)
Fernando Castelló Clemente
Grupo Tradifín, S.L.
Represented by Blanca Hernández Rodríguez
Corporación Financiera Alba, S.A.
Represented by Javier Fernández Alonso
Pedro Antonio Zorrero Camas

STRATEGY AND INVESTMENT COMMITTEE

Demetrio Carceller Arce (Chairman)
Antonio Hernández Callejas
Hercalanz Investing Group, S.L.
Represented by Félix Hernández Callejas
Corporación Financiera Alba, S.A.
Represented by Javier Fernández Alonso
José Ignacio Comenge Sánchez-Real





SHAREHOLDING STRUCTURE AND SHARE PERFORMANCE

Ebro Foods currently has a capital of €92,319,235.20, fully subscribed and paid up. The shares are issued in book-entry form, registered with the Management Company of Securities Liquidation and Clearing Registration Systems (IBERCLEAR) and listed on the four Spanish stock exchanges.

The details of the capital represented on the board as at 31 December 2018 are shown below:

SCALE OF PERCENTAGE INTERESTS IN THE CAPITAL	NUMBER OF SIGNIFICANT SHAREHOLDERS AND/OR DIRECTORS WITH AN INTEREST IN THE CAPITAL	TOTAL PERCENTAGE OF CAPITAL
≥ 10.00%	3	36.054
≥ 5.00% < 10.00%	3	23.748
≥ 3.00% < 5.00%	1	3.642
< 3.00%	5 (*)	1.682

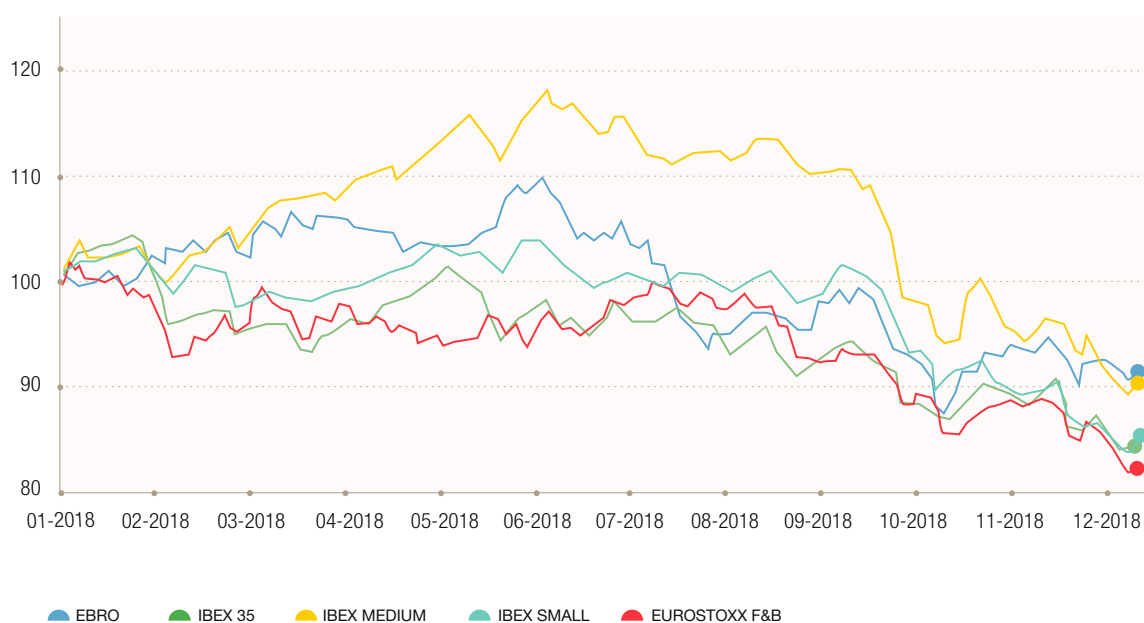
(*) None of these five directors is a significant shareholder because the stake each holds in the capital is less than 3%.

At 31 March 2019, 65.125% of the share capital was represented on the board, while the free float was estimated at 34.875%.

SHARE PERFORMANCE

During 2018, the value of the Ebro Foods share fell by 7.9%. Ibx 35 closed the same period down 15.3%, Ibx Med down 13.9%, Ibx Small 9% and Eurostoxx Food and Beverage down 17.9%.

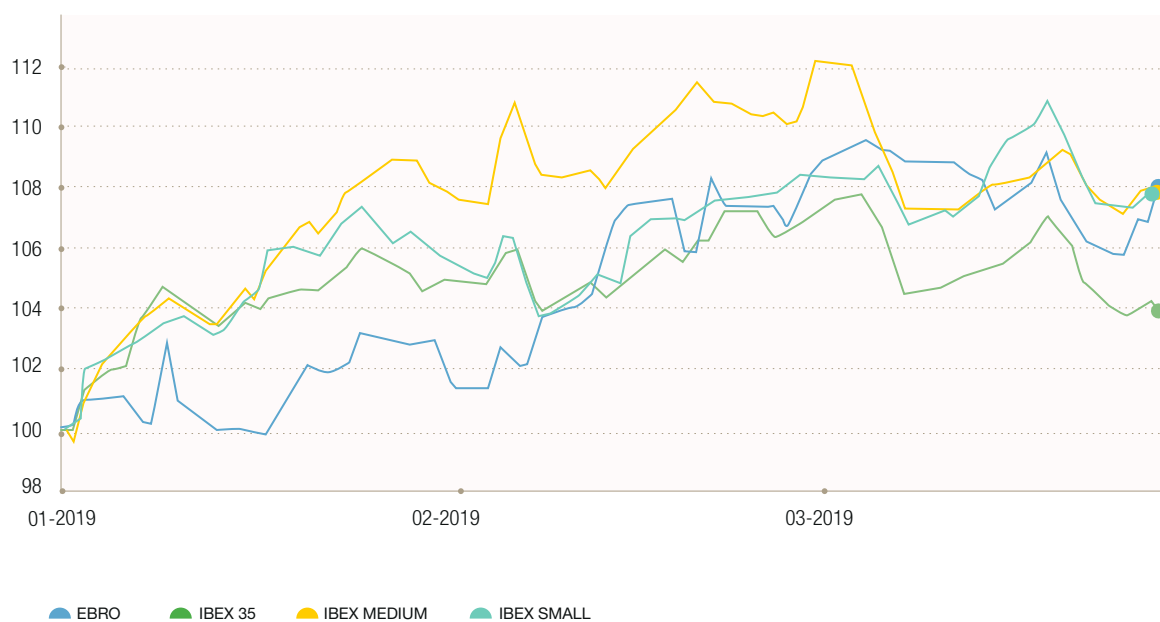
EBRO VS INDEXES 2018





The average price of our share in 2018 was €18.97 and it closed the year on 31 December at €17.44. Share turnover was equivalent to 0.24 times the total number of shares in the company. The average daily volume of trading during 2018 was 147,188 shares.

EBRO VS INDEXES 1 JANUARY TO 31 MARCH 2019



Observing share performance in 2019, the value of the Ebro share has risen by 10%, while Ibex 35 is up 11.2%, Ibex Med 6.6% and Ibex Small 9.8%.

EBRO ANALYSTS

Analysts continue to rate our share highly and EBRO is currently tracked by the following firms:

1. Ahorro Corporación
2. Banco Sabadell
3. Haitong Research - Iberia
4. BBVA
5. La Caixa BPI
6. Gaesco Beka
7. Exane BNP Paribas
8. Fidentiis
9. Intermoney
10. JB Capital Markets, S. V.
11. Kepler Cheuvreux
12. Mirabaud
13. Alantra (N+1)
14. Santander Investment
15. UBS
16. Renta 4



At year-end 2018, the average rating by analysts gave EBRO a target price of €19.22 per share, 8.45% higher than our market price at that date.

DIVIDENDS

An ordinary dividend of €88 million (€0.57 euros per share) was distributed during 2018 against the 2017 profits.

The ordinary dividend was paid in three instalments (€0.19 per share) in April, June and October 2018.

The dividend yield per share at year-end was 3.3%.

For 2019, the Ebro Foods board unanimously resolved on 19 December 2018 to table a motion at the forthcoming Annual General Meeting proposing a dividend of €0.57 per share against the 2018 earnings, to be distributed in three payments of €0.19 per share in April, June and October 2019 (€88 million). Therefore, the same dividend as in 2018 would be maintained.

NB: All the information on the ownership structure and governance of the company can be consulted in the Annual Corporate Governance Report.

RISK MANAGEMENT

Within the corporate policies approved by the Board of Directors, the Risk Control and Management Policy lays down the basic principles and general framework for control and management of the business risks, including tax risks, to which the Company and other companies in its group are exposed and the internal control of financial reporting.

Within this general framework, the integrated, homogenous Risk Control and Management System is based on the preparation of a business risk map to identify, assess and rate the management capacity of different risks and thus obtain a ranking from greater to lesser impact for the Group and their probability of occurrence. The risk map also indicates measures for mitigating or neutralising the risks identified. Risks are classified into four main groups: compliance, operational, strategic and financial.

In the classification process, a dynamic assessment is made of both inherent risk and the residual risk after applying the internal controls and protocols established to mitigate them. Those controls include preventive measures, adequate segregation of duties, clear levels of authorisation and the definition of policies and procedures. These controls can in turn be grouped into manual and automatic, carried out by computer applications.

The model is both qualitative and quantitative and can measure risks in the Group earnings, considering whether the risk level is acceptable or tolerable on a corporate level.





The Risk Control and Management System is dynamic, so the risks to be considered vary in line with the circumstances in which the Group operates.

The Risk Control and Management System, including tax risks, and control over financial information rests on the following structure:

- ▶ The Board of Directors, as the body responsible for the system, determines the risk, including tax risks, control and management system and control over financial information.
- ▶ The Audit and Compliance Committee, through the Risks Committee, performs the duties of oversight and monitoring of financial reporting and risk control systems, reporting regularly to the board on any significant aspects arising in these areas. It is also responsible for supervising and promoting internal control of the Group and risk management systems, and submitting proposals to the Board on the risk control and management policy and possible measures for improvement.
- ▶ The Risks Committee, following the policy established by the Board and supervised by and reporting to the Audit Committee, is specifically responsible for coordination and monitoring of the risk, including tax risks, control and management system and control of the Group's financial reporting. The Risks Committee also analyses and assesses any risks associated with new investments.
- ▶ The Management Committees of the different units, with the participation of the Chairman of the Board and the Chief Operating Officer (COO), assess the risks and decide on the measures to be taken.
- ▶ Risk officers in the different units. The Risks Committee appoints officers responsible in the major subsidiaries for monitoring the risk, including tax risks, control and management systems, as well as the financial reporting and reporting to the Committee.
- ▶ Internal Audit Department. Within the internal audits made on the different subsidiaries, the company's Internal Audit Department checks that the testing and control of financial reporting and risk management systems have been done correctly, as stipulated by the Risks Committee.

NB: A full description of the risk management model and the measures taken to mitigate them can be consulted in the *Directors' Report of the Consolidated Annual Accounts*.