

REPORT BY THE DIRECTORS OF EBRO FOODS, S.A. TO THE ANNUAL GENERAL MEETING CALLED FOR 31 MAY 2017 ON FIRST CALL AND 1 JUNE 2017 ON SECOND CALL, JUSTIFYING THE MOTION TO ALTER ARTICLE 28 OF THE ARTICLES OF ASSOCIATION, INCLUDED IN ITEM SEVEN ON THE AGENDA

1. Purpose of the Report

Among other requirements for altering the Articles of Association established in section 286 of the Corporate Enterprises Act, company directors are required to publish the full text of the alteration proposed and a written report justifying it.

This report (the “**Report**”), drafted and approved by the Board of Directors of Ebro Foods, S.A. (the “**Company**”) on 26 April 2017, is issued in compliance with that legal requirement for the alteration of the Articles of Association, according to the motion tabled under item seven on the agenda for the Annual General Meeting (“**AGM**”) called by the Board for 31 May 2017 on first call and 1 June 2017 on second call.

2. Justification of the proposed alteration of the Articles of Association

The purpose of this alteration is to adapt the contents of the existing Article 28.2 of the company’s Articles of Association (the “**Articles of Association**”) to the current wording of section 529 quaterdecies, paragraph 1, of the Corporate Enterprises Act, as amended by the Audit Act 22/2015 of 20 July, regarding the composition of the Audit and Compliance Committee.

Following said amendment, section 529 quaterdecies, paragraph 1, of the Corporate Enterprises Act provides that at least the majority of directors on the Audit Committee must be independent directors. Prior to the reform made in the Audit Act 22/2015 of 20 July, that section stipulated that at least two of the directors on the Audit Committee were to be independent directors.

To adapt the Articles of Association to the current wording of the Corporate Enterprises Act, it is proposed altering the text of Article 28.2.

3. Full text of the proposed alteration. Proposed resolution

The proposed resolution submitted to the Annual General Meeting under item seven on the agenda is transcribed below, containing the full text of the proposed alteration, as indicated above:

“To approve the amendment of Article 28 of the Articles of Association, rewording it as follows:

“Article 28: Executive Committee, Audit and Compliance Committee, Nomination and Remuneration Committee and other Committees

1. The Executive Committee shall have no fewer than three nor more than seven members, including the Chairman.

The Executive Committee shall be presided by the Chairman of the Board, assisted by the Secretary of the Board. The rules of substitution established for the Board shall also be applicable to the Chairman and Secretary of the Executive Committee.

2. An Audit and Compliance Committee shall be set up within the Board, with no fewer than three nor more than five members appointed by the Board. All the members of this Committee shall be non-executive directors and at least the majority shall be independent directors, one of whom will be appointed on the basis of his experience and expertise in accounting, auditing or both.

The Board shall appoint one of the independent directors on the Audit and Compliance Committee to chair that committee. The Committee Chairman shall be replaced every four years and will become eligible for re-election one year after his retirement as such. In the event of absence or temporary unavailability of the Chairman, he shall be substituted by a member of the Committee provisionally so nominated by the Board, or otherwise by the oldest Committee member.

The Audit and Compliance Committee shall meet with the frequency stipulated in the Regulations of the Board and as and when called by its Chairman, whenever so decided by at least two of its members or at the request of the Board. Committee meetings shall be held at the registered office or wheresoever else may be decided by the Chairman and indicated in the notice of call, and shall be quorate when attended, in person or by proxy, by the majority of its members. Resolutions shall be carried with the votes in favour of the majority of members attending the meeting. In the event of a tie, the Chairman, or acting Chairman, shall have the casting vote. The Secretary of the Committee shall be appointed by the Board and shall issue minutes of the resolutions adopted, which shall be reported to the Board.

The Audit and Compliance Committee shall have the powers assigned to it by law, the Articles of Association and the Regulations of the Board. The Regulations of the Board may develop and complete the Committee’s powers and the rules for its organisation and procedure, in accordance with the relevant provisions of law and the Articles of Association.

3. A Nomination and Remuneration Committee shall also be set up within the Board, with no fewer than three nor more than five members appointed by the Board. All the members of this Committee shall be non-

executive directors and at least two of them shall be independent directors.

The Board shall appoint one of the independent directors on the Nomination and Remuneration to chair that committee. In the event of absence or temporary unavailability of the Chairman, he shall be substituted by a member of the Committee provisionally so nominated by the Board, or otherwise by the Committee member designated by the Committee for the specific meeting.

The Nomination and Remuneration Committee shall meet with the frequency stipulated in the Regulations of the Board and as and when called by its Chairman, whenever so decided by at least two of its members or at the request of the Board. Committee meetings shall be held at the registered office or wheresoever else may be decided by the Chairman and indicated in the notice of call, and shall be quorate when attended, in person or by proxy, by the majority of its members. Resolutions shall be carried with the votes in favour of the majority of members attending the meeting. In the event of a tie, the Chairman, or acting Chairman, shall have the casting vote. The Secretary of the Committee shall be appointed by the Board and shall issue minutes of the resolutions adopted, which shall be reported to the Board.

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4. The Regulations of the Board shall also contemplate the existence of a Strategy and Investment Committee, on which any director may sit.” ”

Madrid, 26 April 2017

**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.**

Informative Annex

Article altered with the changes highlighted

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4. The Regulations of the Board shall also contemplate the existence of a Strategy and Investment Committee, on which any director may sit.
