

REPORT BY THE BOARD OF DIRECTORS OF EBRO FOODS, S.A. REGARDING THE PROPOSAL FOR RE-ELECTION OF DEMETRIO CARCELLER ARCE AS DIRECTOR

1. Introduction

Demetrio Carceller Arce was appointed Director of Ebro Foods, S.A. (“**Ebro**” or the “**Company**”) for the statutory term of four years by virtue of a resolution adopted at the annual general meeting on 4 June 2014. Mr Carceller Arce is a proprietary Director because he was nominated by Corporación Económica Delta, S.A., a significant shareholder of Ebro.

Pursuant to section 222 of the Corporate Enterprises Act, at the end of the term of appointment, that appointment expires on the date of the general meeting - or the end of the time stipulated for holding the general meeting - that is to approve the accounts of the previous year.

Accordingly, considering the imminent expiry of the appointment of Demetrio Carceller Arce as Company Director (as the AGM is scheduled for 5 June 2018 on first call, and 6 June 2018 on second call), the Board is considering tabling a motion at the forthcoming AGM for the re-election of Demetrio Carceller Arce as Director for the statutory term of four years, in the terms set out in **Annex 1** hereto.

The motion to be tabled at the AGM for the re-election of Demetrio Carceller Arce as Director for the statutory term of four years has been previously assessed and a favourable report issued by the Nomination and Remuneration Committee pursuant to section 529.decies, paragraph 6 of the Corporate Enterprises Act and Article 25.4(a) of the Regulations of the Board. A copy of the report by the Nomination and Remuneration Committee, containing an analysis of the composition and present needs of the Board, in accordance with the Company’s Policy for Selecting Directors, is appended in **Annex 2** hereto.

The professional profile of Demetrio Carceller Arce is also appended hereto, in **Annex 3**.

This report and the annexes hereto will be made available to shareholders through their publication on the corporate website www.ebrofoods.es, coinciding with the publication of the notice of call to the forthcoming Annual General Meeting 2018. They will also be incorporated in the corresponding minutes of the Board of Directors and General Meeting of shareholders 2018.

2. Legal and regulatory aspects

2.1. Category of Director

Pursuant to the Corporate Enterprises Act, section 529.duodecies.3, proprietary Directors are those with a shareholding interest equal to or greater than that considered by law as significant, or appointed by virtue of their status as shareholders, even though their interest does not reach that level, and those representing shareholders as above.

Accordingly, Demetrio Carceller Arce will be a proprietary Director as long as he continues to be nominated for Director by the significant shareholder Corporación Económica Delta, S.A.

2.2. Re-election by the general meeting of a Director

Pursuant to Article 20 of the Company's Articles of Association, 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. The re-election of Directors is also contemplated in section 221.2, second paragraph, of the Corporate Enterprises Act and in Article 30.1 of the Regulations of the Board.

Pursuant to the Corporate Enterprises Act, section 529 decies, the Board members of a listed Company must be appointed by the General Meeting of Shareholders.

That section 529 decies also establishes, in paragraphs 4, 5 and 6, that (i) the Board is competent to propose the appointment of non-independent Directors (paragraph 4); and (ii) that proposal must necessarily be accompanied by a supporting report by the Board assessing the competence, experience and merits of the proposed candidate, which will be appended to the minutes of the general meeting or Board meeting, as the case may be (paragraph 5) and preceded by a report by the Nomination and Remuneration Committee (paragraph 6).

Similarly, Article 25.4(a) of the Regulations of the Board provides that the Nomination and Remuneration Committee shall inform always prior to submission to the General Meeting of any proposal regarding the appointment of Directors.

3. Justification of the motion

The Board considers the re-election of Demetrio Carceller Arce as Director appropriate by virtue of his nomination by the significant shareholder of the Company, Corporación Económica Delta, S.A., and the assessment made in this report.

4. Assessment of the competence, experience and merits of the candidate

The Board considers that Demetrio Carceller Arce has the necessary competence, experience and merits to continue as Director on the Board of Directors of Ebro, in view of the following qualities:

- The excellent work as Director performed so far by Demetrio Carceller Arce, who has amply demonstrated his capacity and professional worth in the performance of his duties and his valuable contribution to the Board, thanks to the broad, in-depth knowledge he has of business activities in general and, in particular, those of the Ebro Group, having been on the Board since 2010.
- The qualifications and professional profile of Demetrio Carceller Arce, his extensive experience in the administration and management of companies operating in different sectors and his thorough knowledge of the beverages sector make him a valuable asset for the Board, favouring the diversity of knowledge within this body.

In accordance with (i) the Company's Policy for Selecting Directors, (ii) Article 32.2 of the Regulations of the Board and (iii) Recommendation 25 of the Good Governance Code for Listed Companies, Demetrio Carceller Arce has informed the Company that he has sufficient availability to be able to correctly perform his duties.

5. Conclusion

In view of the foregoing, the Board considers that:

- 5.1. Demetrio Carceller Arce has adequate qualifications, experience and merits to perform the duties of Director, considering the work he has been doing for that body and his academic qualifications as BA in Business Studies from CUNEF and MBA, and his professional experience in companies operating in different sectors of the Spanish economy such as beverages, so it is appropriate to table a motion at the AGM for re-election of Demetrio Carceller Arce as Director of the Company for the statutory term of four years. Demetrio Carceller Arce is classified as a proprietary Director.
- 5.2. Said motion complies with the requirements established by the Corporate Enterprises Act, the Articles of Association and the Regulations of the Board, and with the principles established in the Company's Policy for Selecting Directors.
- 5.3. The proposal to re-elect Demetrio Carceller Arce is in keeping with the composition and present needs of the Board, previously analysed by the Nomination and Remuneration Committee.
- 5.4. Demetrio Carceller Arce is nominated by the significant shareholder Corporación Económica Delta, S.A.
- 5.5. In the Board's opinion, with the re-election of Demetrio Carceller Arce as Director, the composition of the Board reflects the relationship between the percentage of

capital controlled by significant shareholders and the percentage held by institutional investors and minority shareholders.

- 5.6. It is convenient for Demetrio Carceller Arce to remain on the Board in order to maintain optimum stability and balance in the composition of this body.
- 5.7. Demetrio Carceller Arce is sufficiently available to ensure due performance of his duties as Director and vice-chairman.

In short, the Board considers Demetrio Carceller Arce a suitable candidate to be Director of the Company and that, as such, he would be a proprietary Director.

Madrid, 25 April 2018.

Annexes:

- Annex 1. Proposed resolution submitted to the General Meeting
- Annex 2. Report by the Nomination and Remuneration Committee
- Annex 3. Professional profile of Demetrio Carceller Arce

<p>The English version of this document and annexes is purely informative. In the event of any discrepancy between the Spanish and English versions of this document, the Spanish version will prevail.</p>
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Annex 1

Proposed resolution submitted to the General Meeting

“Re-election of Demetrio Carceller Arce as Director.

To re-elect Demetrio Carceller Arce as Director of the Company for the statutory term of four years. Demetrio Carceller Arce is classified as a proprietary Director.”

Annex 2

REPORT BY THE NOMINATION AND REMUNERATION COMMITTEE OF EBRO FOODS, S.A. ON THE RE-ELECTION OF DEMETRIO CARCELLER ARCE AS DIRECTOR

1. Introduction

Demetrio Carceller Arce was appointed Director of Ebro Foods, S.A. (“Ebro” or the “Company”) for the statutory term of four years by virtue of a resolution adopted at the annual general meeting on 4 June 2014. Mr Carceller Arce is a proprietary Director because he was nominated by Corporación Económica Delta, S.A., a significant shareholder of Ebro.

Pursuant to section 222 of the Corporate Enterprises Act, at the end of the term of appointment, that appointment expires on the date of the general meeting - or the end of the time stipulated for holding the general meeting - that is to approve the accounts of the previous year.

Furthermore, pursuant to section 221.2, second paragraph of the Corporate Enterprises Act, Article 20 of the Company’s Articles of Association and Article 30.1 of the Regulations of the Board, Directors may be re-elected on one or several occasions for terms of an equal duration to that contemplated in the articles of association.

Accordingly, considering the imminent expiry of the appointment of Demetrio Carceller Arce as Company Director (as the AGM is scheduled for 5 June 2018 on first call, and 6 June 2018 on second call), the Board is considering tabling a motion at the forthcoming AGM for the re-election of Demetrio Carceller Arce as Director for the statutory term of four years. Demetrio Carceller Arce is classified as a proprietary Director.

For this purpose, pursuant to section 529 decies of the Corporate Enterprises Act, in addition to the corresponding report by the Board on the competence, experience and merits of the proposed candidate (paragraph 5), the motion must also be preceded by a report by the Nomination and Remuneration Committee (paragraph 6).

In addition, Article 25.4(a) of the Regulations of the Board of Directors of Ebro provides that said committee shall inform always prior to the submission to the General Meeting of any proposal regarding the appointment of Directors.

In compliance with the aforesaid legal and regulatory provisions, the Nomination and Remuneration Committee issues this report on the proposal submitted to the AGM for the re-election of Demetrio Carceller Arce as Director for the statutory term of four years.

2. Analysis of the composition and present needs of the Board

The Nomination and Remuneration Committee analyses the composition and present needs of the Board, in accordance with the Company's Policy for Selecting Directors.

At the date of the last AGM, on 1 June 2017, the Board was made up of twelve members (of a total of thirteen), two of whom were classified as executive Directors, six as proprietary Directors and four as independent Directors, and there were three women on the Board at that time.

The changes produced within the Board from 1 June 2017 to the date of this report are summarised below:

- Resignation by the proprietary Director Dr August Oetker on 1 June 2017, after the General Meeting of shareholders held on that day.
- Appointment by cooptation of Corporación Económica Delta, S.A. (represented by María Carceller Arce) as proprietary Director on 28 June 2017 to fill the vacancy produced by the resignation of Dr August Oetker.
- Resignation by the proprietary Director Javier Fernández Alonso on 31 January 2018.
- Appointment by cooptation of Corporación Financiera Alba, S.A. (represented by Javier Fernández Alonso) as proprietary Director on 31 January 2018 to fill the vacancy produced by the resignation of Javier Fernández Alonso.
- Resignation by the proprietary Director Corporación Económica Delta, S.A. (represented by María Carceller Arce) on 21 March 2018.
- Appointment by cooptation of María Carceller Arce as proprietary Director on 21 March 2018 to fill the vacancy produced by the resignation of Corporación Económica Delta, S.A.

At the date of issuing this report, the Board has twelve members (of a total of thirteen), two of whom were classified as executive Directors, six as proprietary Directors and four as independent Directors, and there are five women on the Board.

With this composition of the Board: (i) the four independent Directors represent 30.77% of the total positions on the Board (33.33% considering only the twelve positions filled) so Ebro, considered a small cap, complies with the recommendation of the Code of Good Governance for the number of independent Directors to represent at least one-third of the total Directors; and (ii) the female presence on the Board represents 38.46% of the total positions on the Board (41.67% considering only the twelve positions filled), which is higher than the goal set in the Policy for Selecting Directors, for the gender least represented on the Board to account for at least 30% of the total number of Directors by 2020, a goal that was reached in January 2017 and exceeded in June 2017.

The Nomination and Remuneration Committee considers that with this composition the Board will have an adequate level of stability and balance and, therefore, with a view to

the forthcoming AGM scheduled for 5 June 2018 on first call and 6 June 2018 on second, it has decided to recommend and, in the case of non-independent Directors, issue a favourable report to the Board: (i) re-election of all the Directors whose appointments expire as of the date of the forthcoming AGM and (ii) ratification, re-election and/or appointment, for the statutory term of four years, of all the Directors appointed by cooptation since the last AGM.

The Nomination and Remuneration Committee has also taken into account that all the Directors have been appointed considering their expertise, skills, professional experience, availability and suitability to be adequate for the performance of their duties.

In view of the different professional profiles of the Directors (all specialists in very different, but complementary, sectors, such as economic, financial, legal, industrial, consumer and distribution markets, beverages, rice and pasta) and the thorough knowledge some of them have of the Group overall, the Nomination and Remuneration Committee considers that the composition of the Board has an adequate diversity of professional experience and expertise to suit the interests of the Company and the Group.

3. Analysis of the motion tabled by the Board at the Annual General Meeting for re-election of Demetrio Carceller Arce as Director

The Nomination and Remuneration Committee took the following into consideration to issue this favourable report:

- a) The excellent work as Director (vice-chairman) performed so far by Demetrio Carceller Arce, who has amply demonstrated his capacity and professional worth in the performance of his duties and his valuable contribution to the Board, thanks to the broad, in-depth knowledge he has of business activities in general and those of the Ebro Group in particular.
- b) Demetrio Carceller Arce has a BA in Business Studies from CUNEF and MBA, as well as extensive experience in the administration and management of companies in the beverages sector make him a valuable asset for the Board, favouring the diversity of knowledge within this body.
- c) Demetrio Carceller Arce is a proprietary Director because he was nominated by Corporación Económica Delta, S.A., a significant shareholder of Ebro.
- d) It is convenient for Demetrio Carceller Arce to remain on the Board in order to maintain optimum stability and balance in the composition of this body.
- e) The re-election of Demetrio Carceller Arce as Director complies with the applicable legal, statutory and regulatory provisions and the principles of the Company's Policy on Selecting Directors.

4. Conclusions

Following the analysis and assessment made, the Nomination and Remuneration Committee unanimously resolved on 25 April 2018 to submit a favourable report to the Board on the motion to be tabled at the AGM for re-election of Demetrio Carceller Arce

as Director for the statutory term of four years. Demetrio Carceller Arce is classified as a proprietary Director.

Madrid, 25 April 2018.

Annex 3

Professional profile of Demetrio Carceller Arce

(Madrid, 31-03-1962)

BA in Business Studies (CUNEF) and MBA from the University of Duke (North Carolina).

He is Executive Chairman of Sociedad Anónima Damm, Chairman of Corporación Económica Delta, SA. and the Damm Foundation, Chairman of DICSA Corporación Petrolífera and Vice-Chairman and member of the Executive Committee of Sacyr, S.A.