EBRO FOODS, S.A. GROUP

2018 MANAGEMENT REPORT (figures in thousands of euros)

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Management information and business performance

1. **COMPANY SITUATION**

Organizational structure and business model

The Ebro Foods Group ("**Ebro Foods**" or the "**Group**") is Spain's largest food group, the world's largest rice producer and the second-biggest producer of dry and fresh pasta globally. Through its 25 most important subsidiaries, it commands a presence in the main rice and pasta markets in Europe, North America and Southeast Asia, as well as a growing presence in other countries.

The Ebro Group's core mission is to research, create, produce and market value-adding food products that, in addition to satisfying its customers' nutritional needs, enhance their well-being and health, all of which framed by a transparent, efficient and sustainable business model.

Ebro Foods has embedded environmental, social and ethical criteria into its decision-making processes, in addition to economic variables, so that sustainable development vertebrates all of the Group subsidiaries' activities. To this end it embraces a business model that, framed by business ethics and integrity, is articulated around the generation of value for its professionals, shareholders, investors, customers, consumers, suppliers, surroundings and business communities, in a nutshell, value for all of the stakeholders with which it engages in the course of doing business.

The policies and principles enshrined in the Group's Code of Conduct, its Code of Conduct for Suppliers, its Corporate Social Responsibility Policy and the rest of its body of corporate governance rules and regulations accordingly address these stakeholders' expectations and concerns (note that the full text of these documents can be retrieved from www.ebrofoods.es).

The Group has decentralized certain areas of management with a view to focusing on the business while maintaining a lean and dynamic structure that prioritizes performance, cohesion and market knowledge.

The Ebro Foods Group structures its management around business areas that combine business activities and their geographic location. The core business areas are:

- *The rice business:* the production and distribution of rice and its culinary derivatives and accompaniments. It consists of industrial and branding activities; the Group pursues a multi-brand model. Its geographic footprint extends to Europe, the Mediterranean Basin, India, Thailand and Argentina (via the Herba Group companies) and North and Central America, the Caribbean and Middle East (via the Riviana Group).

- *Pasta business*: the production and marketing of dry and fresh pasta, sauces, semolina products, their culinary derivatives and accompaniments, carried out by the Riviana Group (in the US), the Panzani Group (France) and Bertagni and Garofalo (both of which based in Italy but with meaningful global footprints).

- *Health and organic food:* this is the Group's newest business. It is being consolidated in the wake the recent acquisitions of Celnat, Vegetalia and Geovita and the activities performed by all its subsidiaries in the bio and organic health food areas. At the heart of this business lies the Group company Alimentation Santé. It is presented primarily within the Pasta business.

Decision-making is spearheaded by the Board of Directors of the Group's parent (Ebro Foods, S.A.), which is ultimately responsible for defining the Group's general strategy and management guidelines. The Board of Directors delegates certain tasks in its Executive Committee, including, notably, monitoring and oversight of delivery of the strategic and corporate development guidelines. The Management Committee (on which the heads of the various business areas sit) is tasked with monitoring and preparing the decisions taken at the management level. The Annual Corporate Governance Report contains detailed information about the Group's governance structure.

Production of the products sold by the Group relies heavily on the use of rice and durum wheat, although new grains such as pulses, quinoa and other 'ancient grains' are gradually being added to the mix.

Rice is the most widely-consumed grain in the world; however, as some of the world's largest producers consume more of this grain than they produce (China, Philippines and Indonesia), the global rice trade is smaller than that of other grains and cereals. The sources of the rice sold by Ebro vary depending on the type of grain and quality/abundance of rice harvests. Supply sources can be grouped into three major regions which produce different varieties of rice: the US, southern Europe and South East Asia; these sources have been boosted by the addition to the Group of La Loma Alimentos, S.A. in Argentina, an acquisition expected to reduce seasonality in the procurement of certain varieties and generate a significant source of organic rice.

Pasta is produced from a type of wheat that is high in protein called durum wheat. Durum wheat is produced in a far smaller geographic expanse and has a much smaller market than other varieties of wheat, essentially those used to make flour. Ebro mainly sources its durum wheat in the US, Canada and southern Europe (France, Spain and Italy).

It purchases this raw material from farmers, cooperatives and milling companies. Then at the Group's facilities it is milled and/or transformed as necessary. The productive processes differ depending on the product's end use and range from cleaning, milling, polishing and basic extrusion to more complex processes such as pre-cooking, cooking and freezing.

The Group’s main direct customers are: (i) the leading food retailers; (ii) the major food multinationals (which use our products as the basis of their prepared products); and (iii) a plethora of hospitality businesses. Despite the fact that they are not usually direct customers, consumers nevertheless play a prominent role in how the Group positions its business.

Note 6 to the consolidated financial statements (Segment reporting) overviews the key activities, brands and market shares of each business area.

Strategy and value creation

The Group's strategic objective is to be a benchmark player in the rice, pasta and healthy grains markets and in other cross-cutting segments of relevance to all areas defined as 'meal solutions'. Framed by this strategy, the Group's strategic objectives include:

- Achieving a meaningful overall position so as to permit the introduction of related products (e.g., value-added pulses).
- Consolidating the Group as a benchmark enterprise in its various business areas.
- Spearheading innovation in the geographies in which it is present.
- Positioning the Group as a responsible firm committed to social well-being, environmental equilibrium and economic progress.

In order to execute and fine-tune its strategy, the Group is pursuing a series of general lines of initiative and leveraging growth drivers in order to add value to the business and further the organization's commitment to sustainable development:

Lines of initiative

- Fostering ethical management based on good governance practices and fair play.
- Complying with prevailing legislation, at all times taking a preventative approach. We strive to minimize risks, not only economic risks but also social and environmental risks, including tax risks.
- Attaining returns on our investments while guaranteeing the operational and financial solidity of our business activities. Nurturing our profitability as one of the bases for the ongoing sustainability of the organization and the multiple stakeholders that engage directly and indirectly with it.
- Generating a labor relations framework that is propitious to learning and personal and professional development, respects the equal opportunities principle and promotes diversity and a safe and healthy workplace.
- Rejecting any form of abuse or violation of the fundamental and universal rights, in keeping with international law and practices.
- Promoting a mutually beneficial relationship with the communities in which the Group is present, which means being sensitive to their culture, context and needs.
- Satisfying and anticipating the needs of our customers and of our end consumers by offering a broad portfolio of products under the premise of healthy and differentiated food options.
- Articulating the organization's processes, activities and decisions not only around profit generation but also environmental and community protection, responsible use of our natural resources and the preservation of biodiversity.

- Communicating responsibly, accurately and transparently with our stakeholders by establishing perfectly well-identified and permanent communication channels and providing them with thorough, accurate and relevant information about the Group's activities in a timely and transparent manner.

Growth drivers

- Search for organic and M&A-led growth in large and established markets and, in parallel, opportunities in high-potential developing markets.
  - Penetration of new markets and product categories with a strategic focus on new fresh products (aperitifs, omelets, sandwiches, prepared dishes) and new and more value-added ingredient ranges.
  - Development of products that offer a fuller culinary experience by adding new formats (maxi cups, compact cups, etc.), flavors (dry pasta with the quality of fresh pasta, cups and premium fresh sauce ranges) and meal solutions (pan-fried rice and pasta dishes, Banzai noodle cups, etc.)
  - Leadership in mature markets by focusing strategically on product quality-based differentiation. Expansion and leadership of the premium products category. Exploitation of the huge potential offered by the Garofalo brand and leveraging the new opportunities opened up by the acquisition of Bertagni.
  - Expanded geographic footprint and rounding out of the product/country matrix:
    - Search for business opportunities in mature markets with business profiles similar to that of Spain and in niche markets that enable the Group take a qualitative step forward in its strategy of shifting away from its generalist positioning to positioning as a multi-specialist (individual solutions).
    - Expanded presence in new business segments in existing markets, broadening the product range in the Middle East, Eastern Europe and India.
- Significant positioning in the health and organic food segments by leveraging new concepts based on ancient grains, organic foods, gluten-free foods, quinoa, etc.
- Product differentiation and innovation (leadership). The Group's product development strategy is structured around two articulating lines of initiative:
  - Research and development (R&D): it has four proprietary R&D centers. The organization's investment policy is designed to foster the crystallization of new ideas and consumer needs into tangible solutions for its customers and end consumers.
  - The Group aims to have the leading brands in their respective segments, underpinned by the required advertising budgets.

- Low risk exposure. The Ebro Group's attitude towards shifts in its consumer and financial markets is marked by a strong commitment to continuous adaptation and long-term sustainability. To this end it seeks: (i) balanced sources of recurring income (markets, currencies); (ii) moderate financial leverage in order to facilitate growth without exposure to financial turbulence; (iii) new sources of supply/supply channels; and (iv) the establishment of long-term relationships with its stakeholders (customers, suppliers, governments, employees, society).

- It does this by embedding sustainability criteria throughout its entire supply chain ('from the fields to the table') with the ultimate goal of: (i) boosting and safeguarding the competitiveness and financial, environmental and social sustainability of its operations; and (ii) offering healthy and differentiated food solutions that foster the preservation of natural resources and the wellbeing of society for future generations.

2. BUSINESS PERFORMANCE AND RESULTS

General backdrop

In 2018, the global economy extended the growth trajectory of prior years, specifically registering GDP growth of 3.7%. Nevertheless, as the year unfolded, the number of indicators suggesting that the cycle may have peaked began to multiply. Confidence readings diminished in many of the world's largest economies as a result of heightened instability related with trade tensions, monetary tightening in the US, the ongoing Brexit negotiations and the direction being taken by fiscal policy in Italy.

In the eurozone, GDP growth averaged 1.8% in 2018, compared to 2.4% in 2017. The economy proved incapable of maintaining the healthy pace of growth of 2017, dragged down by the downturn in exports. The unemployment rate declined to 8%, a positive trend despite the fact that political tension has been weighing on business and consumer sentiment since the summer. Lastly, inflation, having spiked due to energy prices, dropped back down at the end of the year (to 1.8%), while the European Central Bank stuck with its expansionary monetary policy.

In the US, GDP growth accelerated in 2018 to 2.9%, fueled by domestic demand. The job market was dynamic: unemployment ended the year at 3.7% and was accompanied by wage growth. Inflationary pressure enabled the Federal Reserve to raise its benchmark rate, in keeping with its monetary policy targets.

Consumer trends

2018 was marked by similar consumer trends as those outlined in prior-year reports, specifically:

Personalization of the customer experience

Consumer decision-making power has increased. Consumers have more information at their fingertips, more comparison tools and they are willing to pay to feel identified with products that satisfy their desires. This is translating into:

- Demand for quality products, ease of preparation and immediate satisfaction of their desires.

- Preference for natural, healthy and organic foods. Closely related to this sentiment is the growth in the consumption of fresh products and the importance being given to small producers and start-ups that make the consumer feel closer to nature.

- Search for products that form part of the circular economy, are seen as sustainable and involve stakeholders in their design, production and sale.

- Consumers want a wider range of choices. The higher-quality private-label brands have been making inroads in virtually every social strata and segment of the population.

Social changes

- Population ageing, older people with more say. The 'baby boomers' have transformed this segment of the population, which currently has greater purchasing power and aspirations and needs (exercise and health) that are different from those traditionally associated with this age group.

- Reduction in the number of household members and constant growth in single-person households; new formats and product and service personalization.

- The new generations are paying more attention to their surroundings and the environment.

- Increased mobility and migration in many developed countries, which is introducing new tastes and ways of cooking.

Connectivity

The unstoppable growth in internet access on the go (over 4 billion people had access to internet at the end of 2018, a very significant percentage of which via their mobiles or tablets) is fostering immediacy as a purchasing factor and universalizing the act of shopping. This paradigm, coupled with the advent of new automated systems (driverless cars, drones, etc.) and networking platforms which put consumers in contact with the producers of goods and services, foreshadows a shift in shopping and food consumption habits (personalized promotions, access to all manner of at-home food services, assault on the last-mile distribution barrier).

New channels and services

- Growth in the use of neighborhood supermarkets, where consumers shop more frequently, and specifically the use of convenience stores (24-7, alliances with petrol stations and other places of transit).

- Consolidation of new players (online players such as Amazon) in the retail market driven by emerging trends in the use of new technology.

- New ways of cooking and eating (ordering in, vending machines, snacking instead of sitting down to eat, etc.).

All of these changes imply challenges for the food retailer and producers who need to deploy marketing techniques that have little or nothing to do with the rules of play that reined until a decade ago in order to reach and retain their customers. Against this backdrop, the use of big data and the speed with which they roll out promotions, and the level to which they personalize them, will grow in importance.

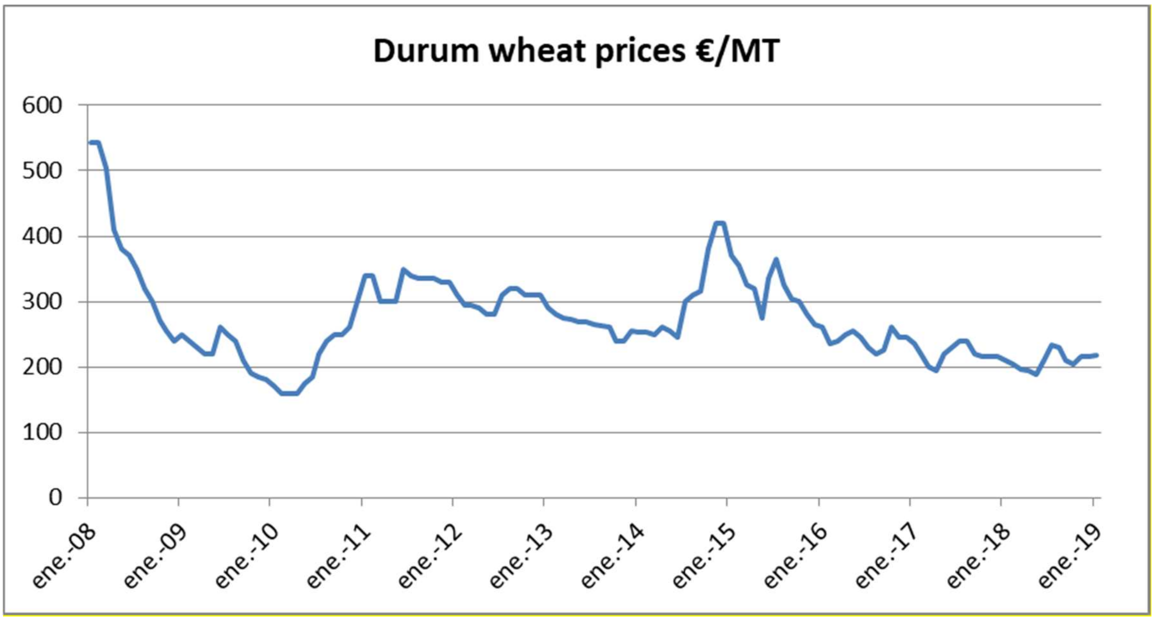
Commodity markets

The commodity prices reflected in the World Bank's Commodity Price Index clearly evidenced the impact of the trend in oil prices, which varied widely between $60 and $80 per barrel of Brent, pushing up the cost of oil derivatives and transportation.

Trade tensions also took a toll and culminated in the imposition of tariffs on certain products, including a range of metals, soy and some processed grains.

Grain prices (corn, wheat, barley and rice) were less volatile, increasing moderately in general, while common wheat registered a more pronounced price increase as a result of adverse weather conditions in Europe which saw harvests fall. The grain price index published by the International Grain Council reveals initial months of inflation which tapered off as the harvests came in, with the exception of common wheat, where yields were flat year-on-year.

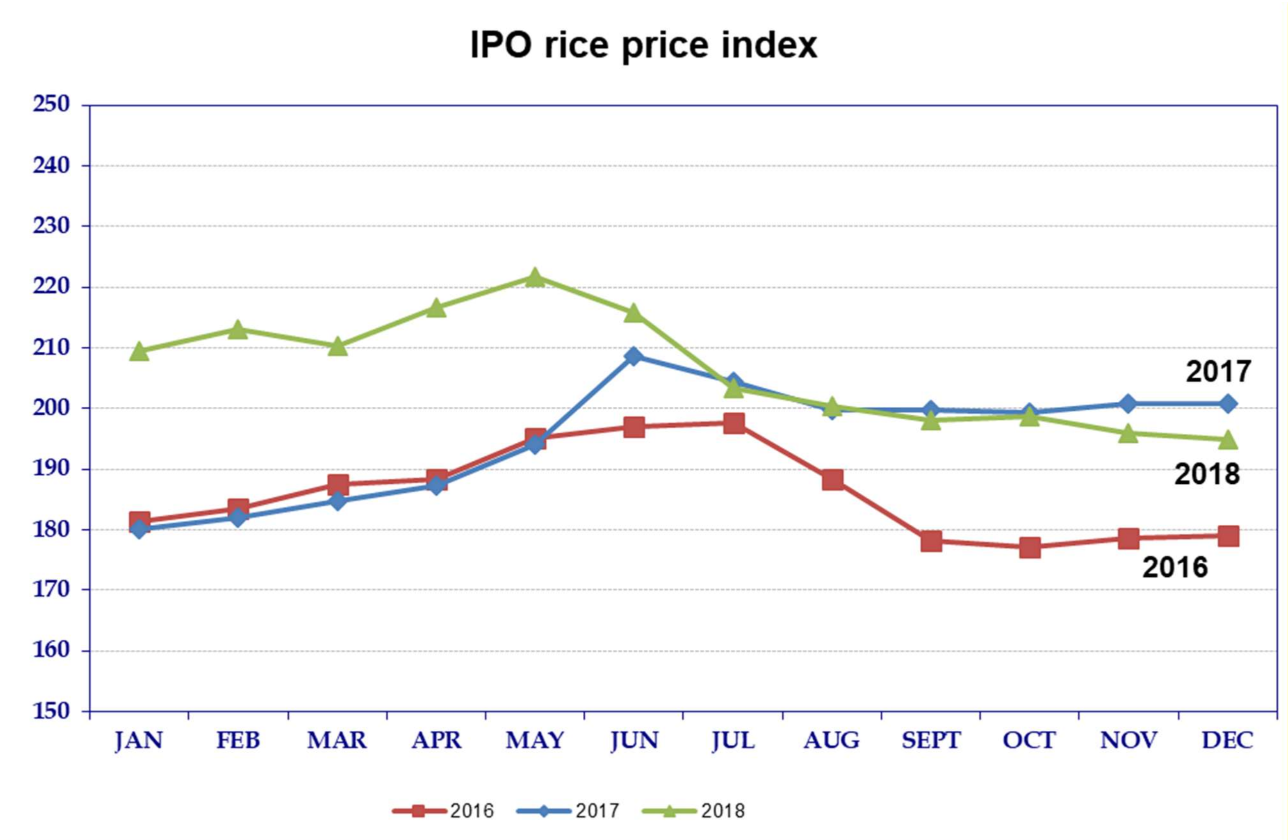
Durum wheat prices extended the stability of recent seasons, rising slightly ahead of the harvest but without the swings observed in prior years:



Source: Terre.net and Ebro data

The 17/18 rice season and the forecast for 18/19 point to continued record harvests. According to data published by the Food and Agriculture Organization (FAO), 2018 production is estimated at 513 million metric tonnes of white rice equivalent, up 1.3% from the last harvest, shaped by significant growth in India, thanks to abundant rain and increases in minimum prices, and the new harvest in the US, which relieved tight carryover stock levels in the wake of the poor 16/17 harvest.

The chart below depicts the trend in the IPO international rice price index for the last three years, showing an average for the most popular varieties of this grain.



International prices started the year higher as a result of low stock levels in the US (a benchmark for quality long-grain varieties) despite the strength of the previous harvest in the rest of the world. Once it became clear that the 18/19 season would also be abundant and plantation in the US was recovering, prices started to trend lower.

Reflecting their particular condition as products grown locally with designations of origin, prices for the aromatic varieties remained at the high levels witnessed since mid-2017, albeit not uniformly so: Basmati prices trended in line with the broader rice market, while the fragrant varieties remained at record highs.

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Group earnings performance

The Group's key financial indicators are presented below:

PROFIT AND LOSS		2016	2017	*2017/2016*	2018	*2018/2017*	CAGR 18-16
Revenue		2,459,246	2,506,969	*1.9%*	2,646,523	*5.6%*	***3.7%***
Advertising		(100,401)	(93,134)	*-7.2%*	(89,694)	*-3.7%*	***-5.5%***
	As a % of revenue	*-4.1%*	*-3.7%*	*-9.0%*	*-3.4%*		
EBITDA		344,141	359,000	*4.3%*	310,763	*-13.4%*	***-5.0%***
	As a % of revenue	*14.0%*	*14.3%*		*11.7%*		
EBIT		267,308	279,314	*4.5%*	221,951	*-20.5%*	***-8.9%***
	As a % of revenue	*10.9%*	*11.1%*		*8.4%*		
Profit before tax		259,410	264,131	*1.8%*	212,950	*-19.4%*	***-9.4%***
	As a % of revenue	*10.5%*	*10.5%*		*8.0%*		
Tax expense		(83,591)	(34,157)	*-59.1%*	(63,639)	*86.3%*	***-12.7%***
	As a % of revenue	*-3.4%*	*-1.4%*		*-2.4%*		
Profit for the year from continuing operations		175,819	229,974	*30.8%*	149,311	*-35.1%*	***-7.8%***
	As a % of revenue	*7.1%*	*9.2%*		*5.6%*		
Net profit		169,724	220,600	*30.0%*	141,589	*-35.8%*	***-8.7%***
	As a % of revenue	*6.9%*	*8.8%*		*5.4%*		

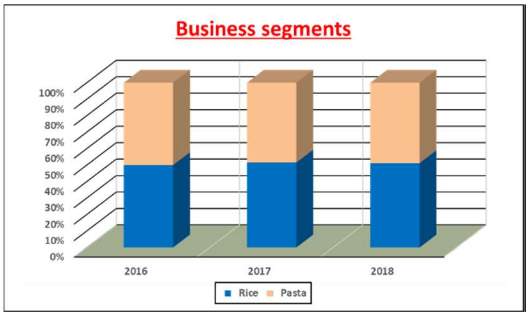
FINANCIAL POSITION	YE 2016	YE 2017	*2017/2016*	YE 2018	*2018/2017*
Equity	2,079,326	2,074,637	*-0.2%*	2,162,334	*4.2%*
Net debt	443,206	517,185	*16.7%*	704,621	*36.2%*
Average net debt	404,137	426,042	*5.4%*	627,350	*47.3%*
Leverage **(3)**	19.4%	20.5%		29.0%	
Total assets	3,645,478	3,663,133	*0.5%*	3,832,425	*4.6%*

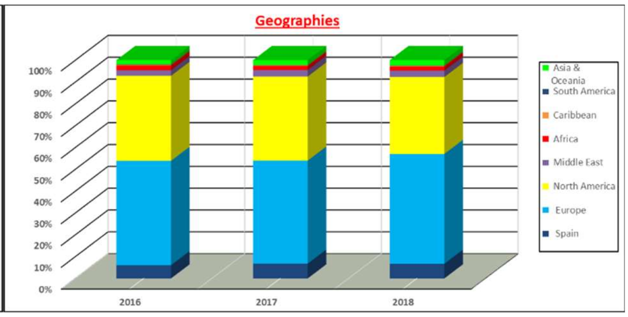
	2016	2017	*2017/2016*	2018	*2018/2017*
Average working capital requirement	461,991	506,803	*9.7%*	588,403	*16.1%*
Capital employed	1,611,272	1,678,670	*4.2%*	1,805,986	*7.6%*
ROCE **(1)**	16.6	16.6		12.3	
Capex **(2)**	107,725	120,671	*12.0%*	138,930	*15.1%*
Average workforce	6,195	6,520	*5.2%*	7,153	*9.7%*

(1) ROCE = trailing twelve month EBIT / (intangible assets - PP&E - working capital)
(2) Capex: cash outflows for investment purposes
(3) Ratio of average net interest-bearing debt to equity (excluding non-controlling interests)

Group **revenue** was 5.6% higher year-on-year. The addition to the Group of Bertagni contributed revenue of 61 million euros. Like-for-like revenue growth (stripping out exchange rate effects and acquisitions) was 2%.

The breakdown of revenue and the year-on-year trend by business line and geographic market is as follows:





Although the contribution by the European businesses to Group revenue increased slightly as a result of recent acquisitions (Geovita, Bertagni), the breakdown by business remains very balanced.

2018 was a very challenging year in terms of profit generation: **EBITDA** declined by 13.4% despite the first-time consolidation of Bertagni, acquired at the end of the first quarter, which contributed 9.5 million euros. The like-for-like comparison is somewhat stronger due to the adverse impact on EBITDA of currency movements in the amount of 4.4 million euros. The main reasons for the decline in profitability were the pressure on certain costs the increases in which could not be fully passed through until the last third of the year and disruption in production in the US where the economy's dynamism triggered temporary tightness in production and the allocation of resources.

On the plus side: (i) the continued growth in the rice segment in Europe; (ii) the steps taken to diversify sources in a bid to inject quality and price stability via organic growth (new investments in India, Thailand and Cambodia) and acquisitions (La Loma, Argentina); and (iii) the contribution by Garofalo, which continued the international expansion of its premium dry pasta brand and embarked on the development of a fresh pasta category, an area where the Bertagni acquisition will help with the expansion of the premium international brand concept. Garofalo's growth was underpinned by a strong investment in advertising (+55% year-on-year); stripping that cost out, this business repeated its exceptional 2017 performance on like-for-like terms.

The **EBITDA margin** dipped to 11.7% penalized in particular by weak profitability in the US, where this margin contracted by seven percentage points.

Profit before tax declined slightly year-on-year due to growth in depreciation charges as a result of the acquisitions closed and the heavy capital expenditure incurred in the past two years. Some of those investments, like the frozen products facility in the US, were partially commissioned in 2018. The Group recorded a net non-recurring loss of 4 million euros (a net loss of 8 million in 2017 and 3 million in 2016); this heading includes the impact of the sale of the SOS brand in Mexico, a series of expenses related with the most significant investments and restructuring charges.

Tax expense increased significantly despite the reduction in rates in several countries in 2017; that is because the expense recognized in 2017 included the impact of those tax reforms on the Group's deferred tax liabilities.

Profit for the year decreased by 35.8%, in line with the decline in business profitability and the impact of the above-mentioned tax reforms on the 2017 figures.

ROCE decreased to 12.3%, driven by the reduction in profits and the increase in average capital employed, shaped notably by a higher working capital requirement on the back of the higher cost of certain varieties of rice.

Statement of financial position metrics

Highlights:

- The first-time consolidation of Bertagni and La Loma (which affected property, plant and equipment, intangible assets, goodwill, net current assets and borrowings): 143 million euros.

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- A significant increase in capex in the last two years (139 million euros in 2018 and 121 million euros in 2017).

- The impact of the trend in the dollar rate on the dollar balances of the subsidiaries exposed to this currency (the exchange rate went from €/$1.05 at year-end 2016 to 1.20 in 2017 and 1.14 at year-end 2018).

- A decrease in dollar-denominated liabilities as the Group paid off the loans taken on in that currency to fund the acquisition of US businesses and replaced them with euro-denominated borrowings in November 2018.

- Growth in working capital as a result of a slight increase in overall rice prices and a substantial increase in the price of the aromatic varieties.

Other assets and other liabilities mainly comprise deferred taxes, provisions for pension obligations and provisions for charges (notes 19, 20 and 22 of the consolidated financial statements).

STATEMENT OF FINANICIAL POSITION	2016	2017	Chg.	2018	Chg.
Intangible assets	462,928	428,248	-34,680	436,601	8,353
Property, plant and equipment	737,452	758,739	21,287	857,450	98,711
Investment properties	25,882	23,780	-2,102	23,439	-341
PP&E AND INTANGIBLE ASSETS	**1,226,262**	**1,210,767**	**-15,495**	**1,317,490**	**106,723**
Financial assets	**71,399**	**69,007**	**-2,392**	**64,338**	**-4,669**
Goodwill	**1,029,715**	**1,037,889**	**8,174**	**1,156,606**	**118,717**
Other assets	**83,068**	**49,757**	**-33,311**	**52,884**	**3,127**
Inventories	488,821	558,990	70,169	594,804	35,814
Trade receivables, Group companies	0	0	0	0	0
Trade receivables	369,808	375,141	5,333	402,501	27,360
Other accounts receivable	81,156	89,592	8,436	71,854	-17,738
Trade payables, Group companies	0	0	0	0	0
Trade payables	(302,147)	(336,478)	-34,331	(344,017)	-7,539
Other accounts payable	(119,465)	(120,467)	-1,002	(115,149)	5,318
NET CURRENT ASSETS (WORKING CAPITAL)	**518,173**	**566,778**	**48,605**	**609,993**	**43,215**
NET INVESTMENT	**2,928,617**	**2,934,198**	**5,581**	**3,201,311**	**267,113**
Capital	92,319	92,319	0	92,319	0
Reserves	1,817,283	1,761,718	-55,565	1,928,426	166,708
Profit attributable to owners of the parent	169,724	220,600	50,876	141,589	-79,011
Less: Interim dividend	0	0	0	0	0
Less: Own shares	0	0	0	0	0
CAPITAL AND RESERVES	**2,079,326**	**2,074,637**	**-4,689**	**2,162,334**	**87,697**
Non-controlling interests	**27,075**	**47,288**	**20,213**	**27,868**	**-19,420**
Other funds	**379,010**	**295,088**	**-83,922**	**306,488**	**11,400**
Loans with Group companies and associates: received	0	0	0	0	0
Less: Loans with Group companies and associates: granted	0	0	0	0	0
Bank borrowings	643,786	677,526	33,740	705,105	27,579
Special financing	90,760	109,070	18,310	170,966	61,896
Less: Cash on hand and at banks	(291,030)	(268,439)	22,591	(144,982)	123,457
Less: Short-term investments	(310)	(972)	-662	(26,468)	-25,496
NET BORROWINGS	**443,206**	**517,185**	**73,979**	**704,621**	**187,436**
TOTAL FUNDS	**2,928,617**	**2,934,198**	**5,581**	**3,201,311**	**267,113**

In order to properly understand the Group's working capital requirement and how it is funded, it is important to analyze the factor with the biggest impact on these headings: the volume and measurement of Group inventories. Inventory volumes are sharply cyclical, moving in tandem with rice and wheat harvests (particularly the rice harvest for which the inventory cycle is longest). More specifically, inventory volumes are at their lowest at the end of the rice season (end of summer) and at their highest at the end of each year and start of the next, after the various purchase contracts have been arranged for the new season.

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That cyclicality makes it advisable to use 13-month moving averages to calculate certain performance indicators.

Rice business

PROFIT AND LOSS	2016	2017	2017/2016	2018	2018/2017	CAGR 2018-2016
Revenue	1,283,853	1,345,026	4.8%	1,412,702	5.0%	4.9%
Advertising	(30,135)	(28,088)	-6.8%	(26,969)	-4.0%	-5.4%
EBITDA	196,264	205,988	5.0%	162,065	-21.3%	-9.1%
EBIT	163,561	172,522	5.5%	123,989	-28.1%	-12.9%
Operating profit	169,240	174,027	2.8%	125,392	-27.9%	-13.9%
Capex	47,391	65,807	38.9%	64,583	-1.9%	16.7%

In terms of rice purchases and prices, the year was divided into two clearly differentiated periods marked by the new harvests: during the first part of the year prices extended the upward trend initiated at the end of 2017; during the second half of the year prices trended lower.

By geographic region, prices in the European Union started the year higher due to the fear of drought in Spain, which subsequently dissipated in the wake of a particularly rainy spring (but drove an increase in the price of carryover stock purchase prices). After a few months of relative calm, the imposition of tariffs on imports of long-grain rice from Cambodia and Myanmar announced by the European Union at the end of the year injected fresh tension into the markets for these varieties.

In the US, the 17/18 was significantly lower than in previous years due to a reduction in the planted area, driving carryover stock levels to a five-year low. That translated into higher prices at the end of 2017, a trend that continued until reports started to come in about sowing and yields for the 18/19 season (growth of an estimated 23% from the previous season), alleviating supply tightness and driving a reduction in prices in the last third of 2018. Nevertheless, the forecast for a very small medium-grain rice harvest in Australia has kept pressure on the prices of these varieties, which are primarily grown in California.

US harvest prices (source: USDA)

August-July

$/cwt	17/18 (*)	17/18	16/17	15/16	14/15
Average price	11.6-12.6	12.7	10.4	12.2	13.4
Long grain	10.2-11.2	11.5	9.64	11.2	11.9
Medium grain	16-17	16.2	12.9	15.3	18.3

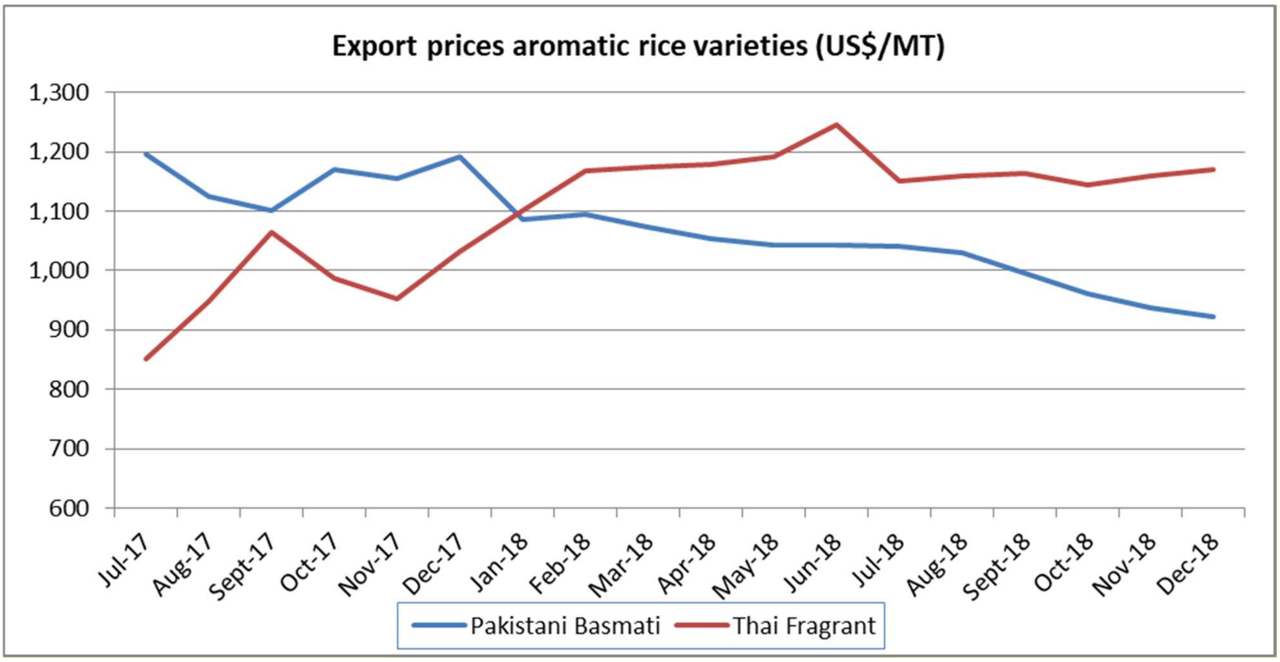
(*) Estimated range

The price trend in other rice-growing regions in Southeast Asia of great significance for the production of long-grain or Indica varieties (the leading global exporters: India, Thailand, Vietnam, Cambodia, Pakistan and Myanmar) was similar to that of the overall market: slight increases at the start of the year and price decreases after the summer, once the abundance of the harvests became evident.

As for the aromatic varieties (basmati and jasmine), whose price trend had a significant impact on the Group's earnings, the sharp increase in prices observed in 2017 continued and even accelerated (with jasmine prices peaking at $1,200/MT in June 2018), shaped by growing demand in contrast with stable plantation acreage.

Basmati prices eased from the highs marked at the start of the year but the restrictions imposed by the European Union on pesticides and fungicides kept the costs of purchase, analysis and traceability high on the supply side.

The situation is clearly evident in the following chart mapping export prices in US dollars:



Sales increased sharply in value terms due, mainly, to price increases as a result of the growth in raw material prices at the end of 2017 and early part of 2018, despite the adverse impact of exchange rate effects, quantified at 25 million euros (average rate of 1.18 vs. 1.13 in 2017).

By geography, sales in the US accounted for 40% of the rice area's revenue. A large number of countries, mostly within the European Union, accounted for the remainder.

Sales volumes were flat year-on-year (growth in aromatic varieties and cups and stagnation in instant rice formats due to the reduction of promotional activity). The trend in revenue in the US (growth of 14 million US dollars) was closely correlated to: (i) the increase in local long-grain rice prices at the end of 2017 (which increased by 10% on average, tapering off from August when the new harvest numbers were released) and in imported fragrant varieties; and (ii) higher transportation and auxiliary material costs as a result of oil prices and economic buoyancy (GDP and domestic demand).

To tackle this inflationary environment, the Group implemented several price increases: (i) focused on the aromatic varieties at the start of the year (planned since the end of 2017); and (ii) tied to the increases in logistics and auxiliary material costs in the latter third of the year, as the main food sector players took stock of the need to pass those cost increases on.

Despite the price tensions, which gave the private label brands a boost, the Group's market share remained at 23.5% by volume and 24.3% by value. The only category in which sales contracted by value was exports, curtailed by the lower competitiveness of American rice compared to rice from other places.

In Europe, the Group registered growth across most brands in a market that was flat or shrinking in volume terms but expanded slightly in value terms. The success of the microwaveable formats, which registered double-digit growth, prompted to the Group to undertake a sizeable investment (70 million euros) in a major precooked products plant in the former sugar factory in La Rinconada, Spain, which is due to be commissioned at the end of 2020.

EBITDA declined by 21.0% year-on-year, including the adverse impact of exchange rate effects of 3.5 million euros. All of that decline originated in the US market, which experienced a particularly challenging year in terms of costs and supplies.

The main causes for the poor earnings performance in the US:

1. Widespread increases in rice prices, particularly the aromatic varieties, in the final third of 2017. Price increases in 2017 and 2018 resulted in additional costs, year-on-year, of approximately 20 million dollars. Despite the price increases planned in February, the fact that farm gate prices continued to climb until June meant that they could not be fully passed on to end customers until the end of the year.

2. Higher auxiliary material and logistics costs. An increase in logistics costs quantified at 10 million US dollars, derived from fuel price increases and growth in demand for carriers that put the transport cost index at record highs in March and April. Price inflation in auxiliary packaging materials (paper, board, plastics, etc.), driven by similar factors, with an estimated impact of 6 million US dollars.

3. The production disruption derived from (i) the damage caused to the Freeport factory by Hurricane Harvey; and (ii) a shortfall of staff and tremendously high staff turnover as a result of full employment in the US and competition from the petrochemical industry in attracting skilled employees.

To counteract these cost increases, in addition to a series of sales price measures, as outlined above (select prices increases and reduction of sales channel marketing and promotions), the Group activated a comprehensive supply chain and factory productivity enhancement program tied to initiatives already underway in packaging line automation and the fine-tuning of production allocation between the various facilities. The results began to show in the final months of the year in the form of wider margins which are expected to continue into this year.

2018 MANAGEMENT REPORT (figures in thousands of euros)

The EBITDA contribution by the non-US rice business was as follows:

	2016	%	2017	%	2018	%
Spain	27,903	35.8%	28,382	32.6%	30,858	35.3%
Europe	40,261	51.6%	48,577	55.7%	46,302	53.0%
Other	9,845	12.6%	10,210	11.7%	10,142	11.6%
Total EBITDA	**78,009**	**100.0%**	**87,169**	**100.0%**	**87,302**	**100.0%**

The strongest performance compared to 2017 was recorded in Spain, shaped by growth in industrial and retail channel sales volumes and a reduction in private label sales. In the retail channel, the trend was particularly positive volume-wise in traditional microwave cups and the Benefit range. Despite that, problems deriving from the saturation triggered by burgeoning demand and the need to cover orders from the US had a negative impact on margins.

In the rest of Europe, the business also suffered the impact of the higher price of the aromatic varieties, although the fact that these markets consume more basmati than fragrant varieties meant that the bulk of the impact had been absorbed in 2017.

Lastly, it is worth highlighting the acquisition of La Loma Alimentos, S.A., a company based in Argentina devoted to the production and sale of rice. Its contribution in 2018 was minimal as it was only consolidated from the last quarter. However, it is expected to play a meaningful role in the Group's strategy of diversifying its rice sources and specializing in organic varieties in 2019.

The pattern in **operating profit** was similar to that in EBITDA, expect for a slight increase in depreciation charges on the back of the sizeable investments made in the past two years. Operating profit includes the gain on the sale of the SOS trademark for use in Mexico and other neighboring countries (7 million euros), which is roughly the same as the gain recognized in 2017 on the sale of a site in Houston; other charges related with fixed assets were also similar in both years.

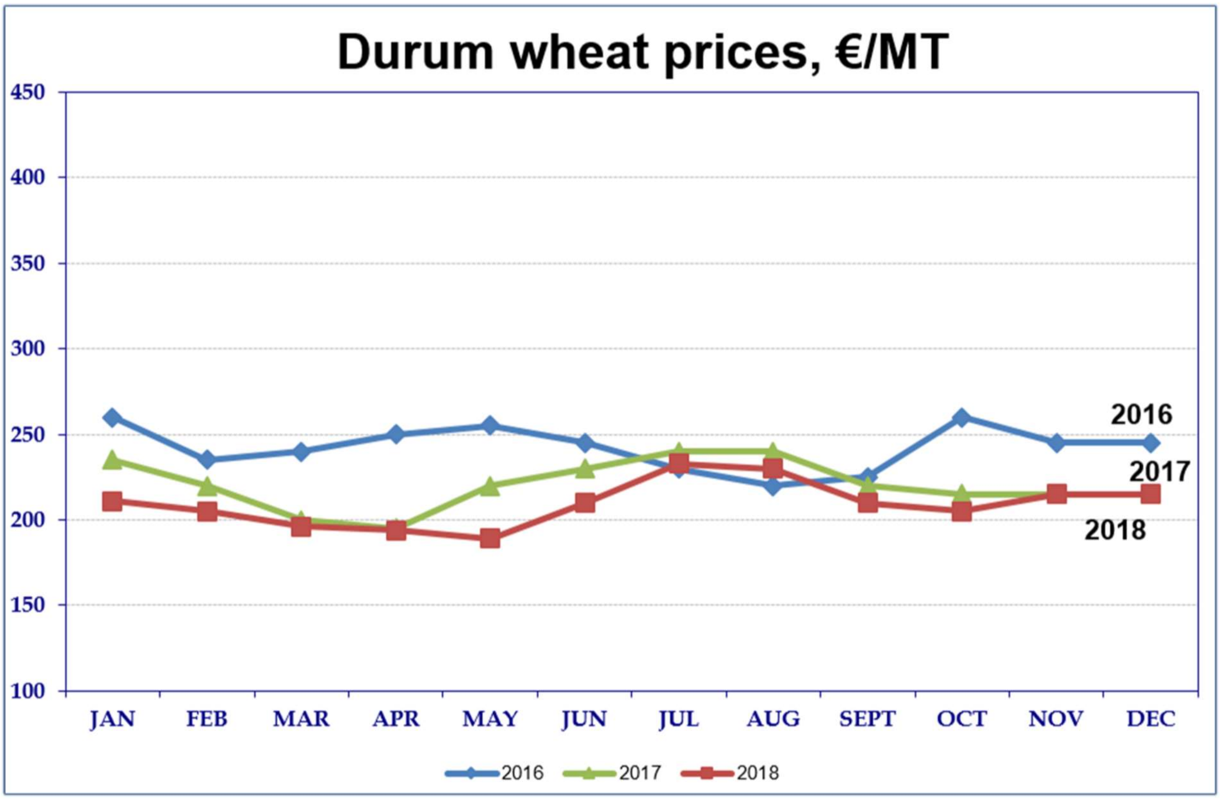
Capital expenditure remained high, evidencing the Group's strategic commitment to the high-growth business lines. The most important investments undertaken in the rice business corresponded to: (i) work to upgrade the new frozen products factory; (ii) modernization of freezing systems; (iii) new pasta facilities; (v) completion of the new warehousing facilities; (vi) expansion of one of the logistics centers; (vii) expansion of instant rice production capacity; and (viii) automation of packaging lines for products for export.

2018 MANAGEMENT REPORT (figures in thousands of euros)

Pasta business

PROFIT AND LOSS	2016	2017	2017/2016	2018	2018/2017	CAGR 2018-2016
Revenue	1,236,227	1,218,285	-1.5%	1,298,546	6.6%	2.5%
Advertising	(70,840)	(66,154)	-6.6%	(63,368)	-4.2%	-5.4%
EBITDA	157,089	162,977	3.7%	156,451	-4.0%	-0.2%
EBIT	113,544	117,420	3.4%	106,352	-9.4%	-3.2%
Operating profit	93,294	102,032	9.4%	99,401	-2.6%	3.2%
Capex	59,701	52,855	-11.5%	73,946	39.9%	11.3%

In general, durum wheat prices delivered the stability foreshadowed in 2017 throughout 2018; in fact, prices even trended slightly lower. The 18/19 harvest is expected to be slightly larger than the 17/18 harvest, shaped by significant growth in the planted acreage in the US and Canada, the world's largest producer. In contrast, production in Europe contracted as a result of a poorer yield, hurt by surplus rain during the spring. Nevertheless, stocks remain high, boding for price resilience through next summer at least.



Source: Terre.net

Sales revenue increased by 6.6% in 2018; the positive contribution of the first-time consolidation of Bertagni (61 million euros) was partially offset by the adverse impact of exchange rates on the US business (-11 million euros).

By market:

- In France, growth was strong in the brand segments in which the Group is present (dry pasta, fresh pasta, sauces, cereals and pulses), with the exception of the couscous and pulse segments, where sales contracted by 3.4% and 0.8%, respectively.

  In terms of sales volumes, Panzani sustained widespread growth, particularly in dry and fresh pasta products, despite the fact that the particularly warm summer hurt sales in these products. The growth in dry pasta product sales volumes put the Group's share of the retail sector at 37.9%. In fresh pasta, where the performance was excellent, the Group's share increased to 43.4%. Overall, like-for-like revenue was higher, despite intense price competition, which required stepping up promotional activity (-11 million euros), partially mitigated by growth in the volume of branded products (+8 million euros) and other lower value-added products sold.

  As for the key trends on the innovation front, it is worth highlighting: (i) the launch of new line of top quality traditional pasta products produced in bronze molds or plates; (ii) expansion of the range of dry pasta products 'with the quality of fresh pasta' and of bio pastas; (iii) the addition of new sauces 'with the quality of fresh sauces' and a new tomato puree line. In the fresh pasta segment, growth in sales of pan-fry gnocchi products, where the range was expanded further, remained in the double digits (+11.9%), while the microwaveable fresh products (the Lunch Box range, which includes an entire category of snacks and full meals with special products for gourmets), registered growth of 14.1%.

- Sales revenue at Garofalo continued - up 1% year-on-year - driven by volume growth in its core brand of over 4%, offset by contraction in other secondary brands which are positioned more on prices. Its share of the premium dry pasta segment in Italy increased to 5.3% by volume and remained at 7.6% by value. In 2018, the distribution of its dry pasta products and the new premium fresh pasta range continued to grow throughout Europe.

- One of the milestones of 2018 was the acquisition of Bertagni 1882 Spa., a specialist with a legacy of over 100 years in the production and sale of top quality fresh pasta products. This acquisition was undertaken by Panzani and Garofalo and marks a crucial step in consolidating the Group's position in the international fresh pasta segment and, most importantly, at the premium end, where Garofalo is the already the leader in the dry pasta segment.

  Bertagni's contribution to revenue since its consolidation for the first time on April 1, 2018 amounted to 61 million euros (full year: 82 million euros). This company has two factories in Italy and sells its products in 42 countries. Over 90% of its sales are exports to markets of strategic importance to the Group.

- United States. The trend observed in prior years continued: the market contracted by 0.6% by volume and by 0.3% by value, evidencing a pattern of somewhat reduced penetration/purchase volumes of this product by American households.

The downtrend in the health and wellbeing segment also continued, mitigated by better product segmentation in the category with value-added products and the resilience displayed by gluten-free and organic products, which registered growth, albeit low. Riviana's market share eased to 19.1% by volume, affected by the contraction in sales of its health segment products and despite the strong take-up for the newly launched Thick&Hearty (special pasta for sauces) and Homestyle (dry pasta 'with the quality of fresh past') ranges.

- Canada. The trend in the dry pasta segment was unchanged: the market contracted by 3% in value terms, which is exactly the contraction suffered in 2017. An important factor in this trend, unrelated to durum wheat prices, was the importation of products from Turkey, targeted particularly at the private-label segment, a phenomenon that only began to tail off when the Canadian customs authorities levied a 27.4% tariff on those imports (which is currently being appealed before Canada's Federal Court). Nevertheless, Catelli Foods continued to lead the market with a share of 28.8% by volume.

  The fresh pasta segment registered growth by volume and value of 8.4% and 5.7%, respectively, and Olivieri defended its leadership, with a market share of 45.8%, underpinned by innovation and, especially, the gnocchi segment, in which it is spearheading the category's growth.

EBITDA decreased by 4%, driven by the smaller contribution by Panzani and Garofalo, which more than offset the contribution by Bertagni (9.5 million euros). Exchange rate trends had a negative impact of 1 million euros.

France's contribution declined to 101.2 million euros (down 7 million euros year-on-year on a like-for-like basis). The main reasons for its reduced contribution were: (i) a less favorable sales mix in the branded segment where sales volumes increased but net prices fell significantly on the back of promotional activity (impact: -2.5 million euros); (ii) a weaker contribution by the Roland Monterrat range as a result of steeper price competition in the sandwich niche (-2 million euros); and (iii) cost inflation in raw materials and auxiliary materials, most notably in fragrant rice varieties and transportations costs, more than offsetting the favorable trend in durum wheat prices (-4.5 million euros in total). Those impacts were partially offset by productivity gains and a slight paring back of the advertising spend.

Garofalo made a 20.5 million euro contribution, down 5 million euros year-on-year due to a similar increase in advertising and the expenses incurred to expand the brand in new markets and introduce the recently-launched fresh pasta range; in short, this business repeated its magnificent performance on like-for-like terms.

As already noted, Bertagni was consolidated for the first time on April 1 and contributed 9.5 million euros to Group EBITDA (full year: 11.4 million euros). This addition has met expectations from the outset. Bertagni recorded sales and margin growth year-on-year, despite the fact that one of its two factories was commissioned in April 2019 and was not fully operational until October of that year.

The contribution by the North American pasta business was slightly lower year-on-year (-2.4 million euros eliminating exchange rate impacts) due basically to cost inflation in the US (as outlined in the overview of the rice business's performance). Wheat prices were stable in this market but the impact of higher logistics and auxiliary material costs and egg prices (estimated at -14 million US dollars) could not be fully offset by the reduction in promotional and marketing activity and increases in the price of products containing egg protein (noodles). This situation affected the US in particular due to a less profitable product mix, whereas profitability in Canada was similar year-on-year and actually higher in the fresh products segment thanks to momentum in the new gnocchi product line.

The trend in **operating profit** was largely similar to that in EBITDA, albeit boosted by the absence of non-recurring charges this year (in 2017, the Group recognized impairment losses on certain North American brands).

Capital expenditure was concentrated on: (i) the acquisition of new head offices for the French pasta business; (ii) a new warehouse for fresh products; (iii) new dry pasta lines; (iv) new gnocchi lines; (v) a new fresh pasta line; (vi) a new couscous line, (vii) the upgrade of the long pasta and lasagna lines; and (viii) the substitution of one of the pasta packaging lines.

3. LIQUIDITY AND FINANCING

The Group's finance department attempts to configure a capital structure that permits credit ratio stability while providing business flexibility in the short and long term.

The finance structure is articulated around long-term borrowings that fund the major investments. The rest of the Group's financing is arranged on a short-term basis and takes the form of credit facilities that cover shifting working capital requirements. All this financing is arranged in accordance with the Group's short- and long-term growth plans, which are crystallized in its annual budgets, budget revisions and multi-year business plans.

The breakdown of the Group's financial liabilities and the capital requirements embedded in certain long-term loan agreements are detailed in note 12 of the consolidated financial statements.

Investments | disposals

Acquisition-led growth (asset and business acquisitions)

The main investments closed in 2018 were the acquisitions of Bertagni 1882 Spa. and La Loma Alimentos, S.A. The acquisition of Bertagni implied the outlay of 96.5 million euros and the grant of a put option to other shareholders over the 30% not initially acquired whose exercise price will be determined on the basis of average earnings over a series of years; that option has been recognized as a financial liability at fair value for accounting purposes. Elsewhere, the Group acquired 100% of La Loma Alimentos, S.A. for 4,882 thousand euros.

2018 MANAGEMENT REPORT (figures in thousands of euros)

The most significant disposal concluded in 2018 was the sale of the SOS trademark in Mexico and other neighboring countries for a total of 330 million Mexican pesos, of which the equivalent of 10 million euros has been collected to date.

Organic growth

The Group underpins its pursuit of growth and innovation with a capex policy that in recent years has entailed the overhaul of its instant rice and fresh pasta productive capacity and a significant effort to expand the market for its frozen cereal and rice products. Capex (cash outflows) during the past three years:

Year	Amount (thousands of euros)
2016	107,724
2017	120,671
2018	138,930

Financial position

The Group's borrowing position remains satisfactory. Leverage has increased in recent years as a result of the Group's growth and its consolidation as a leader in its business segments.

NET DEBT (thousands of euros)	2016	2017	*2017/2016*	2018	*2018/2017*
Equity	2,079,326	2,074,637	*-0.2%*	2,162,334	*4.2%*
Net debt	443,206	517,185	*16.7%*	704,621	*36.2%*
Average net debt	404,137	426,042	*5.4%*	627,350	*47.3%*
Leverage	21.3%	24.9%	*17.0%*	32.6%	*30.7%*
Leverage (average net debt) ***(1)***	19.4%	20.5%	*5.7%*	29.0%	*41.3%*
EBITDA	344,141	359,000	*4.3%*	310,763	*-13.4%*
Coverage	1.29	1.44		2.27	

Despite a number of acquisitions and a significant capital expenditure effort, the Group's coverage and leverage ratios have remained within reasonable levels. Note that 161 million euros of borrowings relate to the recognition for accounting purposes of the put options over the outstanding interests in the Bertagni Group, Garofalo, Geovita, Santa Rita Harinas, Transimpex and Herba Ingredients. For accounting purposes, those unexercised options are recognized as an increase in Group borrowings. The changes in borrowings (without factoring in the net debt assumed pursuant to acquisitions, that recognized in the process of accounting for the above put options, changes in the fair value of certain financial assets/liabilities and the impact of exchange rate movements) were shaped by the following sources and uses of cash:

2018 MANAGEMENT REPORT (figures in thousands of euros)

FREE CASH FLOW (thousands of euros)	2016	2017	2017/2016	2018	2018/2017
Cash from operating activities	185,661	196,719	6.0%	211,708	7.6%
Cash used in investing activities	(104,725)	(145,254)	38.7%	(216,872)	49.3%
Cash used in share-based transactions	(86,181)	(94,308)	9.4%	(96,165)	2.0%
Free cash flow	**(5,245)**	**(42,843)**		**(101,329)**	

Cash flow from operations increased slightly in 2018 despite the decline in EBITDA and the continued long position in the rice business (mainly due to strategic needs in the procurement of rice sourced from Southeast Asia, inflation in aromatic rice prices and as a precautionary measure ahead of Brexit), which has been undermining cash flow generation since 2016. A significant portion of the improvement in cash flow generation compared to 2017 is related to the reduction in tax payments deriving from a number of tax reforms enacted last year.

The other major movements correspond to:

- Investing activities. Movements deriving from capex (as detailed above) and the sale and purchase of businesses and non-core assets (properties). In 2018, this heading included the payment of 96.5 million euros to acquire Bertagni.

- Share-based transactions. Distribution of dividends, including that paid to minority shareholders.

4. RISK MANAGEMENT TARGETS AND POLICIES AND USE OF FINANCIAL INSTRUMENTS

The Risk Control and Management Policy is a core component of the corporate policies approved by the Board of Directors. It establishes the basic principles and general framework governing control and management of the business risks, including tax-related risks and the framework for internal control over financial reporting, faced by the Company and its Group companies.

This general framework is crystalized in a standardized enterprise risk control and management system which is inspired by the conceptual framework embodied in the Internal Control Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"); it is, accordingly, based on a business risk mapping process designed to identify, assess and score the Group's ability to manage its various risks, prioritizing them in terms of impact and probability of occurrence. The universe of risks is categorized into four main groups: compliance, operational, strategic and financial/reporting.

The risk categorization process assesses, dynamically, both inherent risks and residual risk after application of the internal controls and protocols put in place to mitigate them. Within these controls, it is worth highlighting the existence of preventative measures, the adequate segregation of duties, well-defined clearance limits and specific policies and procedures.

The enterprise risk model is qualitative and quantitative: the impact of the identified risks on the Group's results can be measured, based on defined risk tolerance thresholds at the corporate level. A description of the risk management model and the risks that materialized during the reporting period can be found in the Annual Corporate Governance Report which is an integral part of this Management Report.

The main risks addressed in the model are:

Operational risks:

- Food safety. Given the nature of its business, food safety matters are a critical issue to which the Group pays the utmost attention; these issues are governed by a host of regulations and laws in the numerous countries in which its products are made and sold.

  The Group's policy is underpinned by compliance with prevailing legislation and a pledge to uphold stringent food quality and safety standards.

  The food safety programs are based on oversight of protocols designed to ensure identification of certain critical points (called Hazard Analysis and Critical Control Points or HACCP) in order to minimize residual risk.

  The main control points are grouped as follows:

  - Physical points: controls to detect alien materials or the presence of metals.
  - Chemical points: detection of chemical substances or the presence of allergens.
  - Biological points: detection of the presence of salmonella and other pathogens.

  Most of our food handling processes have obtained certification under either the IFS (International Food Safety), SQF (Safe Quality Food) or the BRC (British Retail Consortium) food safety standards recognized by the Global Food Safety Initiative, as well as other local or product-specific standards (e.g., Kosher, Halal or gluten-free food).

  The Group companies have also defined, developed and implemented a quality, environmental and food safety model which has been certified in accordance with the UNE-EN-ISO 9001 (food safety management systems), UNE-EN-ISO 14001 (environmental management) and ISO 22000 (food safety management).

- Raw material supply risk. The availability of raw materials in sufficient quantities and of the quality needed to satisfy the Group's commitments to its customers and continue to underpin brand positioning is a key business success factor.

  To mitigate this risk, the Group has opted to strategically diversify and lock in supply sources by means of: (i) agreements from season to season with some of the leading raw material suppliers (of rice and wheat durum); and (ii) the opening of branches in some of the main rice exporting nations (e.g. India, Thailand and Cambodia) and countercyclical markets (Argentina).

- Risk associated with commodity price volatility. Unexpected changes in raw material supply prices can have a material adverse impact on the profitability of the Group's business via its manufacturing operations and it brand retailing efforts. This risk is concentrated in the prices of the various varieties of rice and durum wheat, although the Group is also exposed to variability in the prices of packaging materials and oil derivatives.

  This risk is managed via:

  a) Early identification of potential supply problems or gluts in certain grains or varieties which could expose stocks to price variability. The buyer departments track the markets continually and issue alerts to the managers of the various businesses to enable them to manage the related risks.

  b) The Group locks in volumes at fixed medium-term prices when the market is propitious to these kinds of agreements and sales transactions can be negotiated that will generate stable margins throughout the corresponding periods.

  c) It also attempts to reduce the number of intermediaries in the markets for local or exotic varieties, compressing the value chain.

  d) Lastly, the Group strategically differentiates its finished products and this helps it pass volatility in raw material costs efficiently on to the end consumer.

- Customer concentration risk. This risk factor affects the industrial and retail segments alike (although in the latter instance the end consumer of the products made by the Group are the individuals who eat its foods, the retailers are concentrating - boosting their purchase bargaining power - year after year).

  This concentration phenomenon can result in less favorable sales terms and conditions, heightened credit risk and even the loss of certain sales.

  The Group's geographic diversification helps to mitigate this risk factor as its customers vary by country and for now the retailers' attempts at international expansion have met with limited success.

  In parallel, each subgroup has a sales risk committee which allocates risk tolerance thresholds and a strategy for enforcing these thresholds. These levels in turn reflect overall business strategy.

- The risk of falling behind on technology development. One of the Group's most important tools when it comes to tackling the competition is to differentiate and update its products, a strategy underpinned by constant technological innovation and an unwavering effort to adapt its range to consumer demands and wishes. As described further on in this report, the Group's R&D strategy is a cornerstone of its business strategy. Its R&D departments work in close collaboration with the sales & marketing departments to mitigate this risk.

This category also includes risks related with cybersecurity. The exponential growth in internet access exposes enterprises and users to attacks of different kinds: identify theft, malware, website attacks, zero-day attacks etc. Faced with this situation, the Group has conducted a security audit and prepared a resulting action plan which consists of: (i) the provision of continuous staff training on these threats; (ii) definition of appropriate network infrastructure (firewalls, WiFi access controls, network electronics, browsing permissions and the design of connected industrial networks); (iii) correct definition of user points (anti-virus, mobile device management systems, permissions, updates); and (iv) data management and safekeeping programs (back-ups, use of the cloud, shared information, etc.).

Risks related to the environment and strategy:

- Environmental and natural risks. The effects of droughts and floods in the rice- and wheat-growing countries from which the Group sources its raw materials can cause availability issues and price volatility. These natural risks can also affect consumers in affected areas and could even affect the Group's assets in these markets.

  Once again the key to mitigating these risks is to diversify raw material sourcing, as well as the markets the Group's products are targeted at. In addition, the Group has articulated a flexible manufacturing structure with facilities on four continents, minimizing the impact of potential local problems. In addition, the Group has current insurance policies covering all its factories and facilities which would mitigate the damages arising from any such incident.

- Climate change. The effects of climate change pose a grave threat to the food industry. The rise in greenhouse gas emissions is impairing the environment and with it, its natural resources and biodiversity.

  The industry has a key role to play in tackling climate change on account of its direct dependence and impact on natural resources like land and water and its contribution to economic activity and society at large. In particular, the effects of droughts, floods and adverse meteorological phenomena in the countries from which the Group sources its raw materials can cause availability issues and price volatility.

  It is therefore duty-bound to commit to sustainable production and consumption, efficient use of resources, energy sustainability, the reduction of food waste, eco-design and sustainable and efficient logistics operations. In short, it is a matter of helping deliver the international commitments assumed in the COP 21 Summit in Paris in 2016.

  Against this backdrop, in December 2018, the Group approved a sustainability plan (dubbed Heading for 2030) in which it sets down a series of actions and challenges related with the environment and supply chain, including initiatives designed to rationalize the use of water and energy, enhance waste management, streamline and reuse packaging materials, measure (carbon footprint) and reduce emissions, assess suppliers using sustainability criteria and provide support for sustainable farming.

- Competition risk. The Group does most of its business in developed and mature markets in which it competes with other multinational enterprises and a good number of local players. In addition, in these markets the retailers have developed their own private label brands which exert extra pressure on the Group's products.

  This risk is managed by means of:

  a) Comprehensive analysis of competitor moves and the fine-tuning of pricing and promotional policy in response to the prevailing market situation.

  b) Product differentiation by innovating on formats, range and quality, all with a clear-cut customer focus.

  c) Repositioning in potential high growth potential categories by means of organic business development or acquisitions that meet the criteria stipulated in the Group's investment policy.

- Reputation risk. The risk associated with a potential shift in opinion crystalizing in a negative perception of the Group, its brands or its products by customers, shareholders, suppliers, market analysts or other stakeholders with a potential adverse effect on the Group's ability to maintain its customary relations (commercial, financial, labor, etc.) with these stakeholders.

  To tackle this risk, the Group has established an internal Code of Conduct designed to guarantee ethical and responsible conduct throughout the organization by all its staff and the professionals or institutions it engages with in the course of its business activities.

  Its brands, along with its people, constitute the Group's most valuable intangible asset, and are accordingly subjected to constant assessment in which different management, marketing, food health and safety, compliance and IP protection considerations converge.

- Shifting lifestyles. New diets such as low-carb diets and other food habits could change how consumers perceive our products.

  The initiatives pursued to mitigate these risks entail assessment of consumer patterns, fine-tuning of the Group's product range in response to market trends, as well as active participation in forums propitious to disseminating the health virtues of its products.

- Country or market risk. The international nature of the Group's activities exposes its business operations to the political and economic circumstances prevailing in the various territories in which it does business, as well as other market variables, such as exchange rates, interest rates, production costs, etc. The fallout from the UK's withdrawal from the European Union (Brexit) falls under this category. Brexit has been included as one of the risks materializing in Section E of the Annual Corporate Governance Report which forms part of this Management Report; this issue is also referred to within the financial risks described in note 12 of the consolidated financial statements.

- Strategic planning and the assessment of strategic investment/divestment opportunities. This is the risk of making a mistake when selecting among alternatives and/or allocating resources to projects aimed at delivering the Group's strategic objectives. In the short term, this risk includes the need to align budgets with the medium- and long-term objectives set by the Group. This risk is mitigated by requiring that transactions above certain thresholds be approved at the Board level in addition to the customary due diligence performed when the Group makes significant acquisitions, all of which involving the coordinated intervention of senior executives and risk officers.

Compliance risk

- Sector regulations. The food manufacturing industry is subject to multiple regulations, which affect export and import quotas and tariffs, intervention prices, etc., all framed by the European Common Agricultural Policy (CAP). In addition, the Group's activities could be affected by regulatory changes in the countries from which it sources its raw materials or to which it sells its products.

  To address this risk, the Group is represented in, voices its views in and follows a number of legal and regulatory forums via a team of prestigious professionals who work to ensure enforcement and compliance.

  Within this category an area of growing relevance, and one that is related with other operational risks such as supply and food safety, relates to the increasingly stringent rules on the use of fungicides and pesticides on crops which lie at the heart of the food industry. These rules are of particular importance to rice growing activities.

  To mitigate this risk, the Group has stepped up its quality and product detection controls, worked on selecting trustworthy suppliers that will be asked to embrace sustainability criteria and championed educational drives to encourage farmers to search for natural alternatives to these chemical products.

- General regulations. This category encompasses compliance risk with respect to civil law, company law, criminal law and good governance regulations and recommendations. In terms of the risk of white collar crime, the Group has a crime prevention model which is monitored and controlled by the Compliance Department.

  An important aspect within this category is the need to observe, uphold and enforce human rights and suitable standards of ethics, as is enshrined in the Group's Sustainability Plan and its Code of Conduct.

- Tax risk. Potential changes in tax legislation or its interpretation or application by the competent authorities across the Group's business markets could have an adverse effect on its performance.

  To mitigate this risk, the Group, through its tax managers, monitors regulatory developments and potential interpretations thereof, asking tax experts for reports in support of the positions it takes, at all times framed by the principle of prudence.

Financial risk

In the course of its ordinary business operations, the Group is exposed to certain financial risks associated with its financial assets and liabilities, particularly its bank loans, overdrafts, equity instruments, cash and cash equivalents. In addition, the Group has other financial assets and liabilities such as trade accounts receivable and payable.

These financial instruments expose the Group to market risk as a result of movements in interest rates (instruments carrying floating rates), exchange rates (those denominated in currencies other than the euro), changes in their fair value, liquidity risk (the inability to monetize assets within reasonable timeframes or at reasonable amounts) and credit risk (counterparty risk).

A description of these risks and the mitigating measures taken is provided in note 12 of the consolidated financial statements.

5. 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 this Management Report for issue.

6. GROUP OUTLOOK

Despite the clouds hanging over the outlook for the global economy (Brexit, trade conflicts, tension within the European Union), the leading international organizations maintain that the cycle of growth observed in recent years has not run its course, notwithstanding a clearcut slowdown in the leading global economies, more pronounced in Europe, China and Japan and less so in the United States. The slowdown in growth in a climate of still-low or even negative interest rates is one of the factors that has driven oil prices towards US$60/barrel; current forecasts are for prices to stabilize at around that threshold.

The tension resulting from political uncertainty eased at the start of 2019 with the exception of the situation in the United Kingdom (Brexit) and its possible consequences, particularly in terms of business development for the European companies with a business presence there (in the case of the Ebro Group of limited impact: total productive assets in that market amounted to 12,655 thousand euros at year-end and the revenue generated in Britain was 121,256 thousand euros in 2018 - approximately 1% and 4.6% of the Group total, respectively - its most significant activity being the sale of rice and rice derivatives locally). The Group, via its management teams and risk committee, watches developments with respect to these risks closely, taking action insofar as possible to mitigate their consequences in the short term and weighing up possible scenarios over the medium and long term.

As for the harvests that provide benchmarks for the Group's activities, it is worth highlighting the fact that at the end of 2018 the European Union imposed tariffs on the import of long-grain white rice from Myanmar and Cambodia, sources that had been exempt in recent years under the scope of the Everything But Arms agreement. That measure, which is likely to exert pressure on prices in the short term, is also an opportunity for boosting the productive structure in Europe and Argentina.

As for the other source markets, no issues are foreseen until at least the next harvest as carryover stocks are considered sufficient. Although aromatic variety prices remain high, they have gradually moved away from their record highs.

The situation in durum wheat is similarly tranquil in light of the abundance of the last North American harvest (particularly that of Canada), the world's largest producer of this strain of wheat. The general outlook for production in 2019 is positive, notwithstanding the prospect of a potential drought in northern Africa and Spain, with a possible impact on prices after the summer. Prices remained slightly above the €200/MT mark at the start of March 2019, which is relatively low and could stimulate a paring back of the harvest in 2019 which would affect prices during the second half of the year.

The Group continues to tackle its digitalization challenge, to which end it has been investing strongly in the reorientation of its communication effort via digital platforms, social media and SEO and SEM tools since 2017. Although the purchase of food via digital platforms is still relatively reduced, it is growing constantly. The Ebro Group has rolled out a plan for increasing its penetration of online purchasing by adding content related with its brands.

From an analytical perspective, the new lease accounting standard - IFRS 16 - will be applied for the first time in 2019. Although the impact on the Group is expected to be limited, its first-time application will have an impact on the statement of profit and loss, specifically an estimated decrease in lease expenses (other operating expenses) of around 12 million euros; an increase in depreciation charges of around 11.5 million euros; and an increase in finance costs of 1 million euros. In addition, it is estimated that the Group's property, plant and equipment and borrowings will increase by approximately 55 million euros.

- **Rice business**

  In Europe, the outlook is for continued growth for the high value-added products such as the cup range, particularly the products focused on the provision of health benefits and convenience (Benefit), the organic and ecological rice products (Vidasania) and the new easy-to-prepare side dishes and grains. Indeed, to cater to the anticipated growth in demand for these products, the Group recently approved an investment in a new microwaveable rice factory, which will complement the expansion work underway at the plant in the United States. In the traditional rice product segment, the above-mentioned introduction of tariffs on imports from Myamar and Cambodia has already begun to affect long-grain prices in Italy and Spain, so that the year looks likely to be complex, marked by intense competition. In response to the increase in raw material prices, the Group will be able to tap the contribution of La Loma as an important alternative supply source (and a specialist in organic varieties of rice).

  Initiatives have been rolled out in the US to tackle the difficulties that affected the Group's earnings in that market last year. Although the issues in retaining and attracting factory employees (particularly at Freeport) as a result of the full employment prevailing in the US persist, the Group has comprehensively reviewed its prices and adjusted its promotional activity for the price scenario, downsized the Freeport plant and pared back its production and eked out productivity gains by expanding the microwaveable product facility.

These initiatives, coupled with the expectation that logistics and packaging costs will normalize, bode for an improvement in margins. They will also translate into the loss of low-margin volumes which should be partially offset by growth in other market segments, particularly in the microwaveable cup segment now that the supply problems have been resolved by eliminating the underlying production bottleneck.

- **Pasta business**

The key objectives in the European pasta business are:

- Improved profitability. Having absorbed the costs that affected earnings in 2018, coupled with the outlook for stable costs, the goal is to improve the product mix and unlock new volumes (pasta cast in bronze molds) and markets (exports) in order to lift margins.

- Development of fresh products. 2019 will be the first full year for Bertagni, whose mission is to grow organically and generate products for the expansion of the Garofalo brand in the fresh pasta segment. Growth is expected to come from new customers in the Netherlands, US and Italy, as well as new product lines.

In the US, the market is expected to be stable or contract slightly in the traditional product categories and to contract further in the healthy products category, except for the products positioned at the premium end. Elsewhere, costs are expected to be stable, enabling the Group to focus on the development of the Thick&Hearty (pasta for sauces) and Homestyle (dry pasta 'with the quality of fresh pasta) ranges, which experienced growth in the retail channel in 2018, and on a new range of premium healthy products.

Lastly, in Canada, the biggest opportunities for growth lie in the fresh pasta segment, particularly the gnocchi niche, which is registering double-digit growth.

7. HEADCOUNT AND ENVIRONMENTAL DISCLOSURES

This information is provided in the Non-Financial Statement, which is part of this Management Report, and in notes 8.4 and 24 of the consolidated financial statements.

8. R&D ACTIVITY

The Ebro Foods Group has always been a front-runner in terms of new consumer trends and an international benchmark in the research and development of products applied to the food sector. Aware that R&D is essential to the Group's quality and differentiation strategy, it remained unwaveringly committed to innovation in 2018.

In total, R&D expenditure totaled 5.0 million euros in 2018 (2.8 million euros of which funded internally and 2.2 million euros, externally).

Investment in R&D totaled 13.2 million in 2018 and mostly corresponded to payments made during the year for the new IQF rice and pasta product facilities in the US, a fully automated complex fitted with cutting-edge technology.

The Group has articulated its R&D engine around research centers located in France, the US, the Netherlands and Spain. These centers and their main projects in 2018 were:

1. CEREC, located in St. Genis Laval (France), which focuses on the fresh pasta, potato, ready-cooked fresh meals and sauce segments of the pasta business. In 2018, it concentrated on: (i) extension of the fresh pasta range with a premium and bio products line; (ii) development of new snack ranges and fresh dishes such as microwaveable chips; and (iii) an additive-free product range.

2. The Panzani Group's R&D Center, which is located in Marseille. This center focuses its research effort on developments in the durum wheat category: dry pasta, couscous, pulses, other grains and new food transformation technology applied to cereals. In 2018, it made progress on: (i) a new range of pasta products made from other cereals (ancient grains); (ii) organic pasta products made without using any pesticides; and (iii) research into durum wheat treatment and fracturing processes.

3. The US center, focused on developing new products, processes and technologies or adapting existing ones for the US rice and pasta divisions. Its work in 2018 focused on the development of: (i) vegetable based pasta; (ii) couscous-based food packs; and (iii) fast-cooking products with a mix of pulses and grains.

4. Centers associated with the Herba Group in Moncada (Valencia), the San Juan de Aznalfarache plant, the ingredients facility in Wormer (Netherlands) and the Bruno plant, devoted to the development of new and/or improved product and technologies and to the provision of technical assistance with rice technology for the fast food and catering hospitality channels. The most important projects these centers are working on include: (i) R&D into new product formulations using pulses, cereals, ancient grains and seeds; (ii) the development of new industrial ingredients based on rice, pulses, quinoa and cereals; (iii) the search for allergen-free ingredients for application in the food industry; and (iv) research into the replacement of animal protein with healthier vegetable-based proteins.

9. OWN SHARE TRANSACTIONS

In 2018, 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 (as duly notified to the CNMV in keeping with prevailing legislation). In 2018, under the scope of the employee share plan, it bought back 33,348 shares and delivered 33,348 own shares to employees. The Parent did not hold any own shares as treasury stock at December 31, 2018.

2018 MANAGEMENT REPORT (figures in thousands of euros)

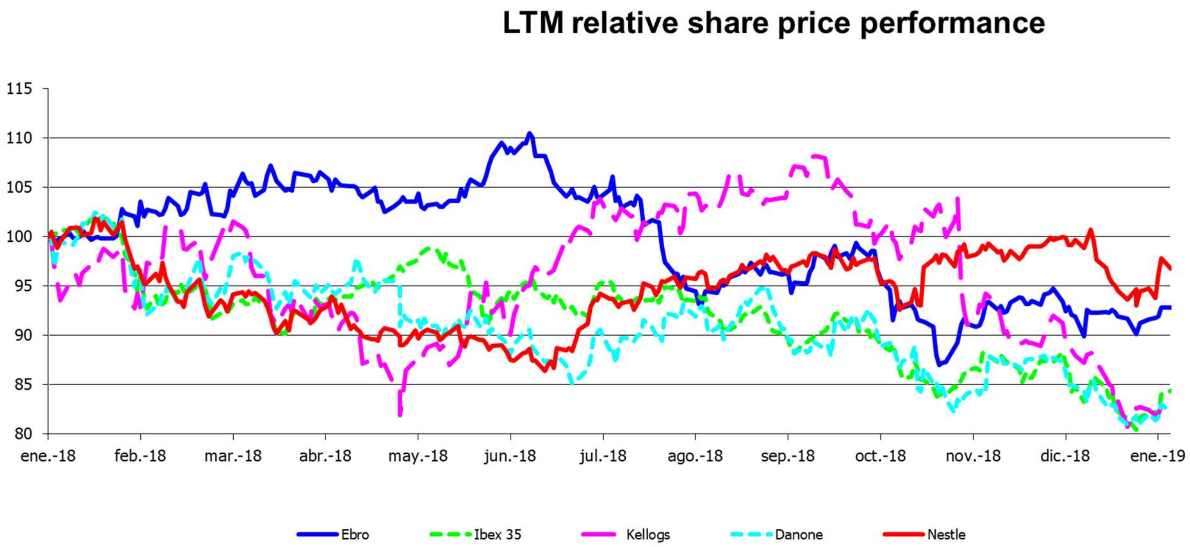
10. OTHER RELEVANT DISCLOSURES

Average payment period

As required under the Spanish Corporate Enterprises Act, it is hereby noted that the average payment period of the companies domiciled in Spain was 30 days in 2018 and 29 days in 2017. Calculations made in accordance with the ICAC (Spanish Accounting and Audit Institute) Resolution.

	2018	**2017**
	Days	**Days**
Average supplier payment term	30.1	28.6
Paid transactions ratio	30.2	29.5
Outstanding transactions ratio	28.7	23.7
	Amount (thousands of euros)	**Amount (thousands of euros)**
Total payments made	304,145	275,546
Total payments outstanding	13,933	8,755

Share price performance



The share price performed in line with the broader Spanish stock market in 2018, getting off to a strong start to the year followed by a considerable loss of confidence after the summer as the international context became increasingly uncertain. The stock's volatility was below that of the overall market, however.

2018 MANAGEMENT REPORT (figures in thousands of euros)

Distribution of dividends

Distribution of the dividends approved at the Annual General Meeting of June 5, 2018 at which the Parent's shareholders ratified the motion to pay a cash dividend with a charge against 2017 profit and unrestricted reserves of 0.57 euros per share, payable in the course of 2018 for a total outlay of 87,703 thousand euros.

Alternative performance measures

In keeping with the guidelines provided by the European Securities and Markets Authority (ESMA), there follows a description of the main alternative performance measures used in this report. These measures are used frequently and consistently by the Group to explain its business performance and their definitions have not changed.

EBITDA. Earnings before interest, tax, depreciation and amortization and before earnings considered extraordinary or non-recurring (essentially gains or losses deriving from transactions involving the Group's fixed assets, industrial restructuring charges, provisions for or settlements from lawsuits, etc.).

The reconciliation of EBITDA and operating profit is provided below:

	2018	2017	2016	Change 2018 - 2017
EBITDA	**310,763**	**359,000**	**344,141**	**(48,237)**
Depreciation and amortization	(88,812)	(79,686)	(76,833)	(9,126)
Non-recurring income	8,973	11,144	25,598	(2,171)
Non-recurring expenses	(12,796)	(19,379)	(28,298)	6,583
OPERATING PROFIT	**218,128**	**271,079**	**264,608**	**(52,951)**

Net debt. Interest-bearing financial liabilities, financial derivatives at fair value, the amount of shareholdings subject to put/call options qualifying as financial liabilities and dividends accrued and pending payment, if any, less cash and cash equivalents.

Capex. Payments for investments in productive fixed assets. Refer to the cash flow statement.

ROCE. A measure of the return on assets calculated as average earnings before interest, tax and non-recurring earnings for a given period divided by average capital employed during that period, that average in turn defined as the moving average for the prior 13 months.

Capital employed. The sum of intangible assets, property, plant and equipment and working capital (understood as current assets less current liabilities, excluding those of a financial nature).

Leverage. A measure of creditworthiness calculated as the ratio of average net debt to equity.

Debt coverage ratio. A measure of the Group's ability to service its net debt from earnings measured as the ratio of net debt to EBITDA.

Non-Financial Statement

2018

NON-FINANCIAL STATEMENTS

EBRO FOODS, S.A.

ABOUT THIS REPORT

This Report contains the Non-Financial Statements of Ebro Foods, S.A. and are part of the company's Management Report in the Consolidated Annual Accounts.

Reporting Period

2018

Reporting Framework

In this statement we report on the social, environmental and/or economic aspects that are important for the Ebro Group, based on the Global Reporting Initiative (GRI) reporting framework in its GRI Standards.

Scope and Coverage of the Reporting

This reporting presents consolidated information on the economic, environmental and social performance of the companies and industrial sites operating the core businesses of the Ebro Group.

The following subsidiaries are included:

COMPANY	COUNTRY	BUSINESS AREA
Arrozeiras Mundiarroz, S.A.	Portugal	Rice
Arotz Foods, S.A.	Spain	Others
Bertagni 1882, S.p.A.	Italy	Pasta
Boost Nutrition, C.V.	Belgium	Rice
Catelli Foods Corporation	Canada	Pasta
Celnat, S.A.S	France	Organic food
Ebro Foods, S.A.	Spain	Parent (Holding)
Ebrofrost Holding, GmbH	Germany, Denmark & UK	Rice, pasta & frozen foods
Ebro India, Private Ltd.	India	Rice
Euryza GmbH	Germany	Rice

Geovita Functional Ingredients, S.R.L.	Italy	Ingredients
Herba Bangkok, S.L.	Thailand	Rice
Herba Cambodia Co. Ltd	Cambodia	Rice
Herba Egypt Ricemills, Ltd	Egypt	Rice
Herba Ingredients, B.V.	Netherlands & Belgium	Ingredients
Herba Ricemills, S.L.U.	Spain	Rice
Herba Ricemills Rom, S.R.L.	Romania	Rice
Jiloca Industrial, S.A.	Spain	Others
Lassie, B.V.	Netherlands	Rice
Lustucru Frais, S.A.S.	France	Rice & pasta
Mundi Riso, S.R.L.	Italy	Rice
Mundi Riz, S.A.	Morocco	Rice
Panzani, S.A.S.	France	Pasta
Pastificio Lucio Garofalo, Spa	Italy	Pasta
Riceland Magyarorzag, KFT	Hungary	Rice
Riviana Foods, Inc.	USA	Rice & pasta
Roland Monterrat, S.A.S	France	Ready-to-serve fresh meals
Santa Rita Harinas, S.L.U.	Spain	Others
Stevens&Brotherton Herba Foods, Ltd.	UK	Rice
Vegetalia, S.L.	Spain	Organic food

NB: The information on Transimpex (a company in which the Group has a 55% interest) has not been included in this report. This company accounts for 1.43% of consolidated Sales and 1.77% of the consolidated EBITDA.

The following industrial sites (production plants and warehouses) are included in the environmental reporting:

COMPANY	COUNTRY	NAME OF WORKPLACE
Arrozeiras Mundiarroz	Portugal	Coruche
Arotz	Spain	Navaleno
Bertagni	Italy	Avio
		Vicenza
Boost Nutrition	Belgium	Merksem
Catelli Foods Corporation	Canada	Montreal
		Delta
		Hamilton
Celnat	France	Saint Germain Laprade
Ebro India	India	Taraori
Ebrofrost Denmark	Denmark	Orbaek
Ebrofrost Germany	Germany	Offingen
Ebrofrost North America	USA	Delaware
Ebrofrost Uk	UK	Beckley
Fallera Nutrición	Spain	Silla
Geovita	Italy	Bruno
		Nizza Monferrato
		Verona
		Villanova Monferrato
Herba Bangkok	Thailand	Saraburi
Herba Cambodia	Cambodia	Phnom Penh
Herba Egypt	Egypt	Mansoura
Herba Ingredients	Belgium	Schoten
	Netherlands	Wormer
Herba Ricemills	Spain	Coria del Río
		San Juan de Aznalfarache
		Jerez de la Frontera
		Silla
		Algemesí
		La Rinconada
		Los Palacios
Jiloca	Spain	Santa Eulalia
Lassie	Netherlands	Wormer
Lustucru	France	Saint Genis Laval
		Lorette
		Communay

Mundi Riz	Morocco	Larache
Mundiriso	Italy	Vercelli
Panzani	France	La Montre
		Gennevilliers
		Nanterre
		Littoral
		Saint Just
		Vitrolles
Pastificio Lucio Garofalo	Italy	Gragnano
Riviana	USA	Memphis
		Brinkley
		Clearbrook
		Alvin
		Carlisle
		Freeport
		Saint Louis
		Winchester
		Hazen
		Fresno
Roland Monterrat	France	Feillens
S&B Herba Foods	UK	Cambridge
		Liverpool
		Orpington
Santa Rita Harinas	Spain	Loranca de Tajuña
Transimpex	Germany	Lambsheim
Vegetalia	Spain	Castellcir
		Jerez de la Frontera

Changes in the reporting perimeter in respect of 2017

The main changes in the perimeter for consolidated reporting are the inclusion of the environmental and social performance of Geovita Functional Ingredients, S.r.L. (acquisition of 52% in September 2017) and Bertagni 1882, S.p.A. (acquisition of 70% in January 2018).

Contact point for issues regarding the report or its contents

For general issues regarding this report, contact the Communications and Corporate Social Responsibility Department at:

Ebro Foods, S.A.

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BUSINESS MODEL

The Ebro Foods Group ("Ebro Foods", the "Group" or the "Ebro Group") is the leading food group in Spain, global leader in the rice sector and the second fresh and dry pasta producer worldwide. Through a network of 30 subsidiaries, it operates in the principal rice and pasta markets in Europe, North America and South-East Asia, with a growing presence in other countries.

The main mission of the Ebro Group is to research, create, produce and put on the market high value-added foods that satisfy people's nutritional needs while improving their health and well-being, endeavouring at the same time to secure a transparent, efficient, sustainable business model.

The Ebro Foods Group is managed by business areas that combine the type of activity they perform and their geographical location. Our core business areas are:

- *Rice*: This covers the production and distribution of different rice varieties and their by-products and culinary supplements. The industrial and brand business follows a multi-brand model. It is present throughout Europe, the Mediterranean Arc, India and Thailand through companies in the Herba Group, and in North and Central America, the Caribbean and the Middle East through the Riviana Group.

- *Pasta*: This includes the production and marketing of dry and fresh pasta, sauces, semolina and their by-products and culinary supplements, through the Riviana Group (North America), the Panzani Group (France) and Garofalo (rest of world).

- *Healthy and organic food:* The last business area to be incorporated in the Group is being developed around the latest acquisitions (Celnat, Vegetalia and Geovita) and the activities related with health and organic products in all our subsidiaries. The area is structured under the umbrella of Alimentation Santé and presented within the Pasta Business.

The Group has a decentralised culture in certain management areas, with a business approach and a light, dynamic structure, in which priority is given to practicality, coherence and knowledge of the market.

Decision-making is driven by the board of directors of the parent company (Ebro Foods, S.A.), which is responsible for defining the Group's general strategy and management guidelines.

Strategy

Group strategy is intended to make the Group a major player in the rice, pasta and healthy grains markets, and in other cross categories defined as "meal solutions". Within that strategy, the Group has the following goals:

- Reach a global position open to the incorporation of related products (such as value-added pulses).

- Consolidate our status as a benchmark business group in our different business areas.

- Lead innovation in the geographical areas in which we are present.

- And establish ourselves as a responsible enterprise, committed to social well-being, environmental balance and economic progress.

To refine its strategy, the Group is underpinned by general principles of conduct and growth levers that are considered vital to raise the value of our business and our firm commitment to sustainable development:

Principles of conduct

- Foster ethical management based on good governance practices and fair competition.

- Comply with the laws in place, acting at all times with a view to preventing and minimising risks, not only economic, but also social and environmental risks, including tax risks.

- Seek a return on investment while guaranteeing the operational and financial soundness of its business activities. Uphold business profit as one of the bases for the future sustainability of the company and the large groups of agents directly and indirectly related with it.

- Generate a framework of labour relations that favours training and personal and professional development, respects the principle of equal opportunities and diversity and promotes a safe, healthy working environment.

- Reject any form of abuse or violation of the fundamental and universal rights, in accordance with international law and practice.

- Promote a relationship of mutual benefit with the communities in which the Group is present, proving ourselves sensitive to their cultures, contexts and needs.

- Satisfy and anticipate the needs of our customers and end consumers, offering a broad array of products and healthy, differentiated food.

- Steer the company's processes, activities and decisions not only to generate profits, but also to protect the environment, prevent and minimise environmental impact, optimise the use of natural resources and preserve biodiversity.

- Develop a framework of responsible, true, transparent dialogue and communication with stakeholders, establishing stable and clearly defined communication channels and providing stakeholders regularly and transparently with rigorous, true, important information on the Group's activities.

<u>Growth levers</u>

- Organic and inorganic growth in high-consumption countries and expansion of business in developing countries with high growth potential.

    - Move into new territories or categories, paying special attention to new fresh products (snacks, crisps, omelettes, sandwiches, pizzas, ready-to-serve meals) and new ranges of ingredients with greater value added.

    - Develop products that offer a complete culinary experience, extending our catalogue with new formats (maxi cup, compact, etc.), flavours (dry pasta with the quality of fresh pasta, range of in-a-cup products, fresh-quality sauces) and ready-to-serve meals (rice and pastas in the pan, "Banzai" cups, etc.).

    - Achieve leadership in mature markets, opting for differentiation based on product quality. Expand and lead the premium category. Develop the enormous potential of the Garofalo brand and incorporate the new opportunities arising from the purchase of Bertagni.

    - Broaden our geographical presence and complete our product/country matrix:

        - Seek business opportunities in mature markets with a business profile similar to ours and in specialist market niches that allow us to shift our strategy from a generalist position to that of a multi-specialist (individual solutions).

        - Expand into new business segments within markets in which we are already present: pasta in India, broaden the range of products in the Middle East or Eastern Europe, and develop the skillet gnocchi range in Canada.

- Significant positioning in the healthy and organic foods segment through new concepts based on ancient grains, organic, gluten free, quinoa, etc.

- Differentiation and innovation. Ebro Foods invests in two aspects to enhance its product range:

    - Research, development (R&D) and innovation through its five research, development and innovation centres and an investment policy that enables us to convert new ideas and needs into reality for our customers and end consumers.

- Focus on leading brands in their respective segments, together with a commitment to invest in advertising to promote their development.

- Low risk exposure. The Ebro Group deals with change in the consumer and financial markets and social change with a firm vocation to adaptation and permanence. To achieve this it endeavours to secure: (i) balanced sources of recurring income (markets, currencies), (ii) low leverage so that it can grow without exposure to "financial turmoil", (iii) new supply channels and (iv) long-term relations with its stakeholders (customers, suppliers, authorities, employees and society).

- Implementation of sustainability throughout the entire value chain ("from the field to the table") with the ultimate aim of: (i) increasing and securing competitiveness, financial, environmental and social sustainability of operations and (ii) offering healthy, differentiated food solutions that foster and seek the preservation of natural resources and well being of society, guaranteeing it for future generations.

Global Presence

The Ebro Group operates worldwide in 85 countries, with industrial and commercial establishments in 16 of them. In the remaining 69 countries, we only engage in commercial activity. Our industrial park comprises some 63 sites, between production plants and warehouses.

Countries with commercial and industrial presence

Germany	**France**
Belgium	**Netherlands**
Cambodia	**India**
Canada	**Italy**
Denmark	**Morocco**
Egypt	**Portugal**
Spain	**UK**
USA	**Thailand**

Countries with only commercial presence

Angola	Estonia	Lithuania	Senegal
Saudi Arabia	Finland	Madagascar	South Africa
Algeria	Gabon	Mauritius	Sweden
Austria	Ghana	Mauritania	Switzerland
Bahamas	Greece	Mexico	Taiwan
Bahrein	Guinea	Mozambique	Trinidad & Tobago
Barbados	Haiti	Niger	Tunisia
Belize	Hungary	Oman	Turkey
Benin	Indonesia	Panama	Ukraine
Brazil	Reunion Island	Peru	Yemen
Cambodia	Iceland	Poland	Djibouti
Chile	Israel	Qatar	
Colombia	Jamaica	DR Congo	
South Korea	Japan	Czech Republic	
Ivory Coast	Jordan	Romania	
Curazao	Kuwait	Russia	
United Arab Emirates	Lebanon	Saint Martin	
Slovakia	Libya	Saint Lucia	

CORPORATE SOCIAL RESPONSIBILITY MODEL

The Ebro Group considers sustainable growth one of the basic pillars of its management strategy, to secure its consolidation as a benchmark business group in its areas of activity and position itself as a global, sound, innovative, responsible enterprise committed to social well-being, environmental balance and economic progress. Accordingly, it has incorporated environmental, social and ethical criteria in its decision-making processes, alongside the typical economic variables.

In this context, the Ebro Group views Corporate Social Responsibility (CSR) as the creation of a sustainable business model, which, as well as contributing value, profitability and competitiveness, contributes towards the progress of society, generates trust among our stakeholders and leads to the creation of shared value for all those who interact with us in our business activities.

The Group has followed a four-stage procedure to define and design this CSR model:

1. Diagnosis of the sustainability measures taken by the different companies in the Group.

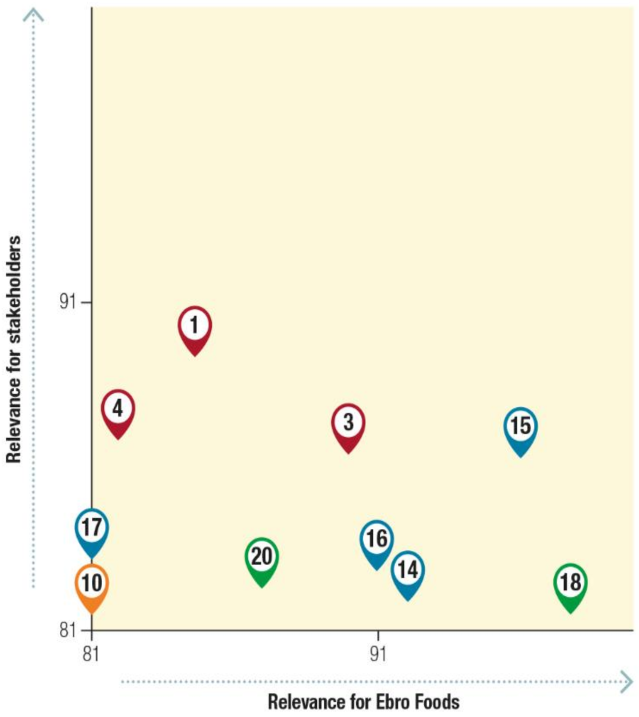
2. Detailed analysis of our value chain with a view to identifying the potential risks and impacts, both positive and negative, of our operations. Within this process we have identified three key areas, in which we can make the most valuable contributions to society, as they are inherent in our core business and present throughout the entire chain: (i) nutrition and health, (ii) agricultural development, by promoting and implementing sustainable agricultural practices, and (iii) environmental management.

3. Constant dialogue with our internal and external stakeholders, which has enabled us to identify their main concerns and incorporate their suggestions in the design and implementation of the Group's action plans.

4. Materiality analysis: In 2017 we updated our materiality analysis, assisted by Forética. That analysis collected the expectations of our stakeholders (authorities, customers, employees, investors, media, NGOs and suppliers) in Spain, North America, France, Italy, Netherlands, India and Morocco, and from our own corporate administration, represented by the Audit and Compliance Committee.

After identifying the principal challenges and opportunities of the Group in respect of sustainability and benchmarking the positioning of other companies in the food sector, we established 23 important topics for consultation, classified into 8 different areas: (i) health and safety of direct and indirect workers, (ii) job quality, (iii) positive social and economic impact on society, (iv) driving force for innovation, (v) promotion of healthy food, (vi) maximising food safety and quality, (vii) implementation of environmental policies and (viii) good governance, integrity and transparency.

Global materiality matrix



Three aspects stand out for their relevance for the organization and its stakeholders:

Maximizing sustainability, quality and food safety all along the value chain.

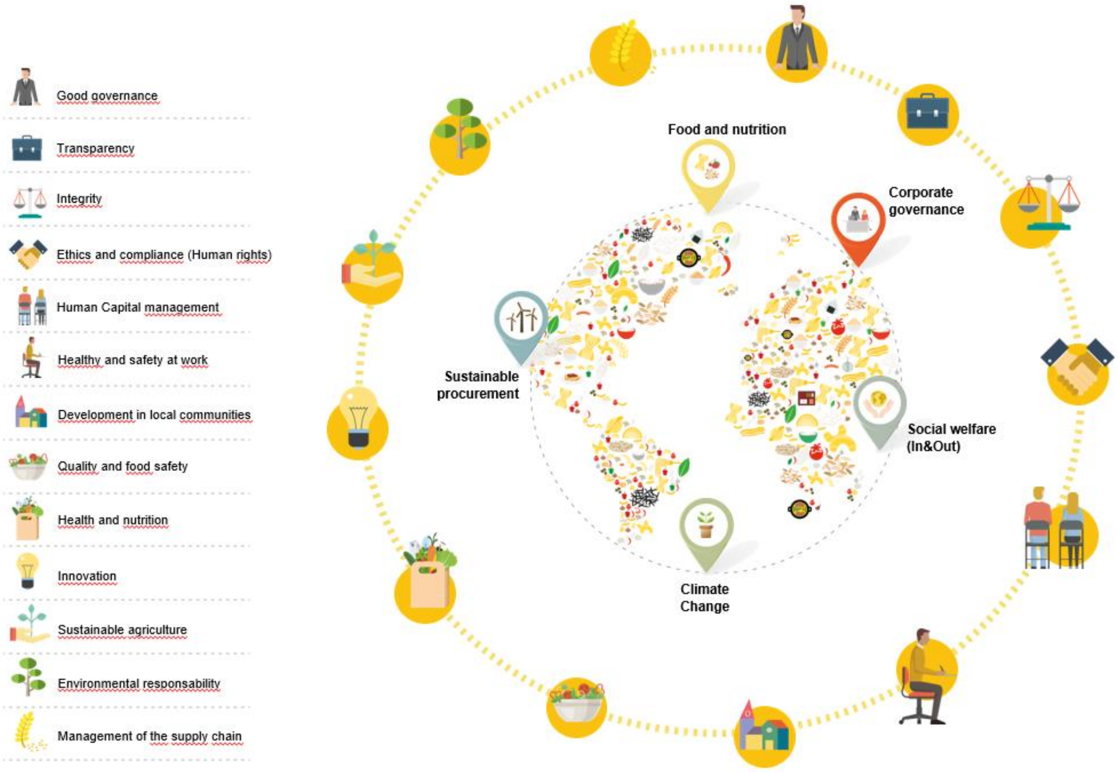
Preventing accidents and damage by enhancing workplace safety (direct and indirect production and distribution employees)

Implementing environmental policies (particularly those related with climate change and responsible water management)

HEALTH AND SAFETY OF WORKERS (DIRECT AND INDIRECT)	
1	Prevent and avoid accidents and damage by improving the safety of direct and indirect jobs
3	Promote compliance with human rights throughout the supply chain
JOB QUALITY	
4	Manage human resources responsibly (equality, work-life balance, diversity)
DRIVING FORCE FOR INNOVATION	
10	Invest in developing better food solutions for society
PROMOTE HEALTHY, SUSTAINABLE FOOD	
14	Use raw materials based on environmental and social sustainable principles as ingredients for ready-to-serve dishes
15	Promote sustainable growing and production of the principal raw materials used
16	Foster sustainable good practices throughout the supply chain
MAXIMISE FOOD QUALITY AND SAFETY	
17	Promote the implementation of management systems and tools to maximise quality and information for consumers
IMPLEMENT ENVIRONMENTAL POLICIES	
18	Make the fight against climate change one of the organisation's focal points
20	Develop policies and make investments to reduce and optimise water consumption

Five strategic focal points have been identified through this procedure: **Our Team, Our Community, Our Public, Our Shareholders and Our Environment**, and five areas for action organised around the economic, environmental, social and governance pillars, namely: **Corporate Governance, In&Out Social Well Being, Food and Nutrition, Sustainable Procurement and Climate Change**.

Thirteen principal working priorities are established around these focal points and areas for action to guarantee sustainability in each aspect of our business.



To secure effective development of these 13 priorities, last December the board of directors of Ebro Foods approved the Global Sustainability Plan “Heading for 2030”, with the slogan “Caring for you, Caring for the earth, Caring for food”. The Plan lays out the guidelines and action plans to be followed by the Ebro Group from 2019 to 2030 to: (i) implement and guarantee sustainability throughout its value chain, (ii) satisfy the demands and expectations of its stakeholders and (iii) contribute towards achievement of the Agenda 2030.

Alliances with environmental and social entities and initiatives

The Ebro Group and its Foundation belong to or have established alliances with different organisations or multi-stakeholder platforms that encourage and channel companies' commitment to society and the environment. Through these alliances they can give greater scope to the actions developed within their CSR strategy. Some of the important organisations are:

UN Global Compact Network Spain WE SUPPORT	**Signatory of the United Nations Global Compact** www.pactomundial.org
La alimentación aprovéchala no tiene desperdicio	Member of the Redistribution Committee of the Spanish Commercial Coding Association (AECOC) project against food waste "Don't waste food, use it" http://www.alimentacionsindesperdicio.com/
seres fundación sociedad y empresa responsable	Member of the SERES Foundation http://www.fundacionseres.org/Paginas/Inicio.aspx
Miembro de Forética	Member of Forética http://www.foretica.org/
FUNDACIÓN LEALTAD	Member of Fundación Lealtad http://www.fundacionlealtad.org/
Secot	Protector member of Fundación Secot http://www.secot.org/

	Sustainable Agriculture Initiative (SAI) Platform **http://www.saiplatform.org/**
	Sustainable Rice Platform (SRP) http://www.sustainablerice.org/
	Cool Farm Alliance (CFA) https://coolfarmtool.org/cool-farm-alliance/
	Ecovadis https://www.ecovadis.com/es/

External assessments

Since 2015, Ebro Foods has been part of the FTSE4Good Index Series, an international sustainability index that includes companies that prove their commitment and leadership in environmental, social and corporate governance aspects. Inclusion in this index confirms our condition as a socially responsible investment vehicle.

Regulatory framework

In order to define the general guidelines of the Group and its associates, the Ebro Foods board approved in 2015 the following policies and principles of conduct:

1. Code of Conduct of the Ebro Group
2. Supplier Code of Conduct
3. Corporate Social Responsibility Policy
4. Social Policy
5. Risk Control and Management Policy

6. Corporate Governance Policy
7. Internal Code of Market Conduct
8. Policy for Selecting Candidates to be Director
9. Senior Executive Remuneration Policy
10. Dividend Policy
11. Investment and Financing Policy
12. Treasury Stock Policy
13. Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors

RISK MANAGEMENT

As one of 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 our business risks, including tax risks, and internal control of financial reporting to which the Company and other companies in the 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, where risks are identified and assessed and risk management capacity is graded to obtain a ranking of risks from greater to lesser impact for the Group and their probability of occurrence. The risk map also identifies the measures to mitigate or neutralise the risks identified. The risk universe is grouped into four main groups: compliance, operational, strategic and financial. The first three groups also include the principal non-financial risks related with the company's business:

Operational risks:

1. Food safety. Given the nature of the business, aspects regarding food safety are a critical point to which the Group pays special attention, being bound by a large number of laws and standards in each of the countries in which our products are produced and sold.

   The Group's policy is based on the principles of compliance with the laws in force from time to time and guaranteeing food safety and quality.

   The food safety programmes are based on following protocols to identify and control certain critical points (Hazard Analysis and Critical Control Points – HACCP-), so that the residual risk is minimal.

   The main control points are grouped into:

   - Physical points: controls to detect foreign bodies or the presence of metals
   - Chemical points: detection of chemical elements or the presence of allergens
   - Biological points: presence of elements such as salmonella or any other kind of pathogens

   Most of our handling processes have obtained IFS (International Food Safety), SQF (Safe Quality Food) and/or BRC (British Retail Consortium) certificates, recognised by the Global Food Safety Initiative (GFSI) as food product certification standards, as well as local and special product certificates (Kosher, gluten-free or Halal foods).

The Group has also defined, developed and implemented a quality, environment and food safety management system compliant with the requirements of the standards UNE-EN-ISO 9001 (Quality management), UNE-EN-ISO 14001 (Environmental management) and ISO 22000 (Food safety management).

2. Technological (trailing behind) risk. One of the most important tools for standing up to competition is differentiation and product alignment, which is based on constant technological innovation and the endeavour to adapt to consumer desires. The R&D and innovation strategy is a fundamental part of the Group's general strategy. The R&D and innovation departments, in close collaboration with the Commercial and Marketing departments, work on reducing this risk.

   This area also includes cyber security risks. The exponential growth of internet access exposes companies and users to different types of attack: identity theft, malware, attacks on websites, zero-day attacks, etc. Accordingly, the company has made an audit of its security and drawn up an action plan that contemplated: (i) on-going training of personnel on these threats, (ii) definition of an adequate network infrastructure (firewalls, Wi-Fi access, network electronics, browsing possibilities and design of connected industrial networks), (iii) correct definition of user points (antivirus, mobile device management systems, permissions, updates) and (iv) programme for data preservation and management (back-ups, use of the cloud, shared information).

Environmental and strategical risks:

1. Environment and natural risks. Drought and flooding in the commodity-producing countries can cause problems of availability and price instability. These natural risks can also affect consumers in the affected regions or even the Group's assets in those locations.

   The best way of mitigating this type of risks is to diversify both the sourcing of raw materials and the countries in which our products are sold. The Group also makes sure it has flexible production capacity with plants in four continents, which minimises possible local problems. In addition, the Group has taken out insurance policies covering all its plants and sites, which would mitigate any disaster that could jeopardise their value.

2. Climate change. The effects of climate change are a serious threat to the agri-food sector. As a result of the increase in greenhouse gas emissions, the environment is deteriorating and, consequently, natural resources and biodiversity.

   Our industry has a vital role in action against climate change, owing to its direct dependence and impact on natural resources such as soil or water, and its importance for economic activity and society as a whole. In particular, the effects of drought, flooding and adverse meteorological events in the commodity-producing countries can generate problems of availability and price instability of raw materials. Therefore, the Group must support and invest in sustainable production and consumption, efficient use of resources, sustainability of energy, reduction of food waste, ecodesign and sustainable, efficient logistics. In short, we must comply with the international commitments undertaken at the Paris Climate Summit 2016.

In this regard, in December 2018 the Group approved its Sustainability Plan called Heading for 2030 ("*Rumbo a 2030*"), setting out a number of actions and goals in respect of the environment and supply chain. Those actions include optimisation of water and energy consumption, enhancing waste management, optimising of packaging material and reuse, measurement (carbon footprint) and reduction of emissions, assessment of suppliers against sustainability criteria, and support for sustainable agriculture.

3. Reputational risk. This risk is associated with possible changes of opinion, giving rise to a negative perception of the Group, its brands or products by customers, shareholders, suppliers, market analysts, etc., which could have an adverse effect on the Group's ability to maintain relations (commercial, financial, labour, etc.) with its environment.

   To deal with this risk, the Group has approved a Code of Conduct to guarantee ethical, responsible conduct by the organisation, its employees and all persons and institutions with which it interacts in the course of its business activities.

   The Group's brands and employees are our most valuable intangible assets, so they are submitted to continuous assessment, considering different aspects, such as management, marketing, health and food safety, compliance and legal defence of intellectual property.

4. Changes in lifestyle. The proliferation of low carbohydrate diets and other food trends can have a bearing on consumers' perception of our products.

   These risks can be mitigated by assessing consumption patterns and adapting the offer of products to the alternatives on the market, while participating actively in social forums to encourage healthy habits that are compatible with our products.

Compliance risks

1. Sector regulation. The agro-industrial sector is subject to numerous regulations affecting export and import quotas, customs duties, intervention prices, etc., subject to the guidelines set down by the Common Agricultural Policy (CAP). The Group's activity may also be affected by changes in legislation in the countries where the Group sources raw material or sells its products.

   The Group deals with this risk by participating in or echoing the different legal and/or regulatory forums through a number of prestigious professionals who endeavour to secure adequacy and compliance.

Within this group, the increasingly strict laws on the use of fungicides and pesticides on the basic crops for this industry, especially rice, are becoming more and more important and linked to other operational risks such as supply and food safety.

To mitigate this risk, the Group has stepped up its quality controls and checks to detect this type of products, working on a selection of protection providers, who are going to be asked to incorporate sustainability criteria in their policies, and providing more education for growers to seek natural alternatives for these products.

2. General regulation. This includes compliance risks concerning civil, mercantile, criminal and governance laws and regulations. To help deal with criminal risks, the Group has a Crime Prevention Model, which is monitored and controlled by the Compliance Unit.

   One specific part concerns respect for and compliance with human rights and maintaining appropriate ethical standards, as contemplated in the Group's Sustainability Plan and Code of Conduct.

3. Tax laws. Any change in the tax laws or their interpretation or application by the competent authorities in the countries in which the Group operates could affect our earnings.

   To mitigate this risk, the Group, directed by those responsible for taxation, monitors the tax laws and possible interpretations thereof, requesting specific reports from specialists to support its stand, guided at all times by a principle of prudence in this matter.

In the process of classifying risks, 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 together with 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, the latter being implemented by computer applications.

This model is both qualitative and quantitative and can be measured in the Group's earnings, so 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 vary with the circumstances in which the Group operates.

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

- The Board of Directors, as the body ultimately responsible, determines the risk control and management policy, including tax risks and control of financial reporting.

- The Audit and Compliance Committee, through the Risks Committee, supervises and monitors the financial reporting and risk control systems, regularly informing the Board of any material aspects occurring in these areas. It is also responsible for supervising and overseeing internal control of the Group and the risk management systems, and for proposing to the Board the risk control and management policy and any measures for enhancing these areas.

- The Risks Committee, based on the policy established by the Board and supervised by and answering to the Audit Committee, is specifically responsible for coordinating and monitoring the risk control and management system, including the Group's financial reporting and tax risks. The analysis and assessment of risks associated with new investors also falls within the remit of the Risks Committee.

- The Management Committees of the different units, on which the Chairman of the Board and the Chief Operating Officer (COO) sit, assess the risks and determine the measures to be implemented.

- Risk officers in the different units. The Risks Committee appoints officers in the major subsidiaries to monitor the risk control and management system, including tax risks and financial information, and reporting to the Committee.

- Internal Audit Department. Within the internal audits made of the different subsidiaries, the company's Internal Audit Department checks that the financial reporting and risk management testing and control have been conducted adequately, complying with the indications of the Risks Committee.

NB: A full description of the risks and the measures implemented to reduce them can be found in the Management Report of the Consolidated Annual Accounts.

HUMAN RIGHTS

Ensuring respect for Human Rights throughout our supply chain is one of the Group's priorities in Social Responsibility. We base our criteria in this respect on the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the Fundamental Principles and Rights at Work of the International Labour Organization (ILO).

This commitment is set out in: (i) our Code of Conduct, which establishes the principles and values that must underlie the actions of all persons and companies in the Ebro Foods Group, and (ii) our Supplier Code of Conduct, which establishes the principles, standards and business practices to be met by our suppliers and service providers in their relations with the Group and its professionals.

The Group's commitment to Human Rights is set out in Section IV, point 9 of our Code of Conduct. Points 9.1, 9.3, 9.4, 9.5 and 9.6 lay down the Company's guidelines for eliminating discrimination in employment and occupation, eliminating forced or compulsory labour, effectively abolishing child labour and exercising the rights of freedom of association, to join unions and collective bargaining, in accordance with the laws currently in place. The same commitments are set out in points 3.2, 3.3, 3.4 and 3.7 of the Supplier Code of Conduct. Both Codes can be consulted on the Ebro Foods corporate website (https://www.ebrofoods.es/rse/rse-en-ebro/codigos-y-politicas/).

The Global Sustainability Plan "Heading for 2030" contemplates a specific working area on Human Rights for the coming years, when the principal landmarks on which we will work will be: (i) the due diligence process, to identify the possible impacts of our organisation on Human Rights; and (ii) the establishment of awareness and training programmes.

Grievance and follow-up mechanisms. The main grievance mechanism is the reporting channel of the Code of Conduct (canaldedenuncias@ebrofoods.es), through which any persons bound by the Code may report any breach of the principles set out therein, under a guarantee of absolute confidentiality. Only the Chairman of the Audit and Compliance Commission of the Group parent has access to that e-mail account, which is protected with IT security systems to prevent any unauthorised access. The Committee Chairman is responsible for prioritising, processing, investigating and solving grievances according to their importance and nature, assisted by the Compliance Unit.

In addition to the confidential reporting channel, the Human Resources Departments of the different companies in the Group can also process, investigate and solve any incidents that may arise within their respective companies.

Five incidents of discrimination were reported in Riviana Foods (USA) during 2018. One incident has already been investigated and solved by Riviana Foods and the other four are pending solution.

Company	Men	Women	Addressed	Solved	Total grievances
Riviana Foods	3	2	5	1	5

External audits are conducted regularly in companies both within and outside the scope of consolidation of the Group as an additional tool for monitoring and control of human rights.

Audits made at Ebro Group workplaces in 2017-2018

Company	Company code	Site name	Site country	Audit date	SMETA Audit	Audit company	Audit scope
Herba Ricemills SLU	ZC1000102	SAN JUAN	SPAIN	08/05/2018	No	Intertek	1. Labor, 2. Wages & hours, 3. Health & safety 4. Management systems 5. Environment
Herba Bangkok S.L.	ZC1047564	Herba Bangkok NK Plant	THAILAND	14/02/2018	Yes	TÜV SÜD (Thailand) Limited	1. Labour Standards
Mundi Riso srl	ZC1069772	Mundi Riso	ITALY	18/12/2017	Yes	SGS CBE	1. Labour Standards, 2. Health & Safety, 3. Environment, 4. Business Ethics
Ebro Foods Nederland BV	ZC1004462	Lassie	NETHERLANDS	10/11/2017	Yes	Intertek UK	1. Labour Standards, 2. Health & Safety, 3. Environment, 4. Business Ethics
Ebro Foods Nederland BV	ZC1004462	Lassie	NETHERLANDS	01/02/2017	Yes	Intertek UK	1. Labour Standards, 2. Health & Safety, 3. Environment, 4. Business Ethics
Herba Ingredients BV	ZC1049496	Herba Ingredients Belgium B	BELGIUM	23/01/2017	Yes	Intertek France	1. Labour Standards, 2. Health & Safety, 3. Environment, 4. Business Ethics
Herba Ingredients BV	ZC1049496	Herba Ingredients Belgium C	BELGIUM	23/01/2017	Yes	Intertek France	1. Labour Standards, 2. Health & Safety, 3. Environment, 4. Business Ethics

Training on human rights policies and procedures given during the year

Specific training on human rights has been given in the following Group companies during the year:

Company	No. employees receiving training	No. hours	Total employees	% total employees
Ebro India	123	246	123	100.00%
Garofalo	134	1	193	69.43%
Herba Bangkok	188	1	188	100.00%
Herba Cambodia	6	3	6	100.00%
S&B Herba Foods	8	2	104	7.69%

The Ebro Group did not have any security personnel on its payroll during 2018.

ANTI-CORRUPTION AND BRIBERY MEASURES

CORRUPTION AND BRIBERY

The Ebro Group has a global Code of Conduct, known to and binding on not only its workers and professionals, but also its customers, suppliers, shareholders and other stakeholders.

The Code of Conduct establishes the principal values that must underlie the Group's conduct, including those of transparency, honesty and strict compliance with the laws and regulations in place.

The Code of Conduct dedicates a specific section (29) to anti-corruption, bribery, illegal commissions, influence peddling and money laundering. It establishes the following general principles: (i) the obligation undertaken by the Group to eradicate any form of corruption and (ii) the absolute prohibition of any form of corruption or bribery. These principles are accompanied by specific rules of conduct designed to guarantee compliance with them.

All the Group's workers and professionals are informed of and accept the Code of Conduct as mandatory. They receive a copy of it when they join the Group (or after any amendment) and formally acknowledge receipt, knowledge thereof and their obligation to comply. This is backed up with a reporting channel through which any interested person may confidentially inform the parent company of any potential infringement of the Code.

The global regulation of the Code of Conduct is backed up locally in the different regions in which the Group operates.

- In the principal Spanish companies, the Ebro Group also has a crime prevention model that identifies the potential criminal risks deriving from its activities and the mitigation measures established to try to eliminate (or minimise as far as possible) the risk of committing criminal offences, which include corruption and bribery. The crime prevention model identifies the measures implemented to mitigate the risk of committing offences of corruption, bribery, influence peddling and money laundering. Its effectiveness and application are monitored and checked regularly by the Compliance Unit, within the reporting system of the current crime prevention model. The Compliance Unit is also working on the definition and implementation of training plans for the workers and professionals of the Spanish companies in the Group on the crime prevention model. The plans are to include specific training in matters concerning corruption and are expected to be put into operation during 2019. Apart from this global training, some Spanish subsidiaries have provided their employees with training in the prevention of criminal risks.

- In pursuance of local legislation (Legislative Decree of 8 June 2001) on companies' liability for certain types of offence (including corruption), the Italian companies in the Group have established organisation and management models that include measures to preclude the risk of committing those offences.

- In the Group's North American subsidiaries, which account for a very large proportion of the Group's business, there are specific policies and measures to control and mitigate the risk of committing this type of offence. In particular, and in pursuance of the special requirements under local laws, the North American companies have the Anti-corruption, Bribery and Compliance Policy, adapted to US (FCPA) and Canadian (CFPOA) laws on corruption. That policy establishes an Anti-Bribery Compliance Officer, who is responsible for ensuring compliance with the policy and making sure that all workers and executives are aware of and comply with it. Training and refresher courses are provided regularly for this purpose.

- The Group's Indian subsidiary has a Vigil Mechanism/Whistleblower Policy, adapted to the applicable local laws (section 177(9) of the Companies Act and Rule 7 of the Companies Rules), through which a communication channel is made available to all employees to report to the company any conduct that infringes the Code of Conduct (in addition to the Group's reporting channel). Through that channel, any possible indication of unlawful conduct (including, therefore, any that may be considered acts of corruption) must be reported to the Vigilance and Ethics Officer of the company for investigation and adoption of whatever measures may be necessary.

The board of directors of the parent is due to pass a specific policy on corruption during 2019, which will set out the general principles specifically and separately and develop the applicable regulation of the Code of Conduct on this issue.

Moreover, the Ebro Group companies Riviana Foods, Catelli Foods Corporation and Ebro India, Private Ltd. provided anti-corruption training in 2018 for all their employees.

No cases of corruption have been reported in any companies of the Ebro Group or any of their business partners.

MONEY LAUNDERING

The Ebro Group has established: (i) payment and collection processes and (ii) a structure of attorneys for bank transactions, through whom it guarantees adequate control and monitoring of money movements in all its transactions.

The Ebro Group uses bank transfers and nominative payment instruments for payments and collections as they guarantee full traceability of any money movement. It also has strict rules for cash management, which allow the different companies to hold only negligible amounts of cash and regulate in detail any drawings against the cash balances, requiring in all cases justification of cash requests and proof of use of those funds.

The reimbursement of expenses incurred by employees in the course of their work is also strictly controlled, requiring proof of the expense and the reason and justification for it prior to any reimbursement. Drawings made using a company bank card (by employees who have a card, by virtue of their category) are subject to the same requirements of proof and justification of use, such that if any use of the card is not justified and proved, the corresponding sums are withheld from payments to be made by the relevant company to the employee.

According to the Group's power of attorney structure, in order to draw funds from bank accounts, a prior decision by must be adopted by the competent corporate body and, as a rule, joint signatures are required, except for negligible amounts compared to the volume of transactions of the company in question.

OUR TEAM

One of the main sources of value generation in the Ebro Group is our workforce of 7,189 professionals (6,041 direct employees of the company and 1,148 contracted through external agencies), a very close-knit team of professionals with enormous talent potential aligned with the organisation's strategy. Through the human resources departments of the different subsidiaries, the Ebro Group endeavours to motivate these professionals by offering a high quality job while at the same time strengthening their skills, powers and personal and professional leadership.

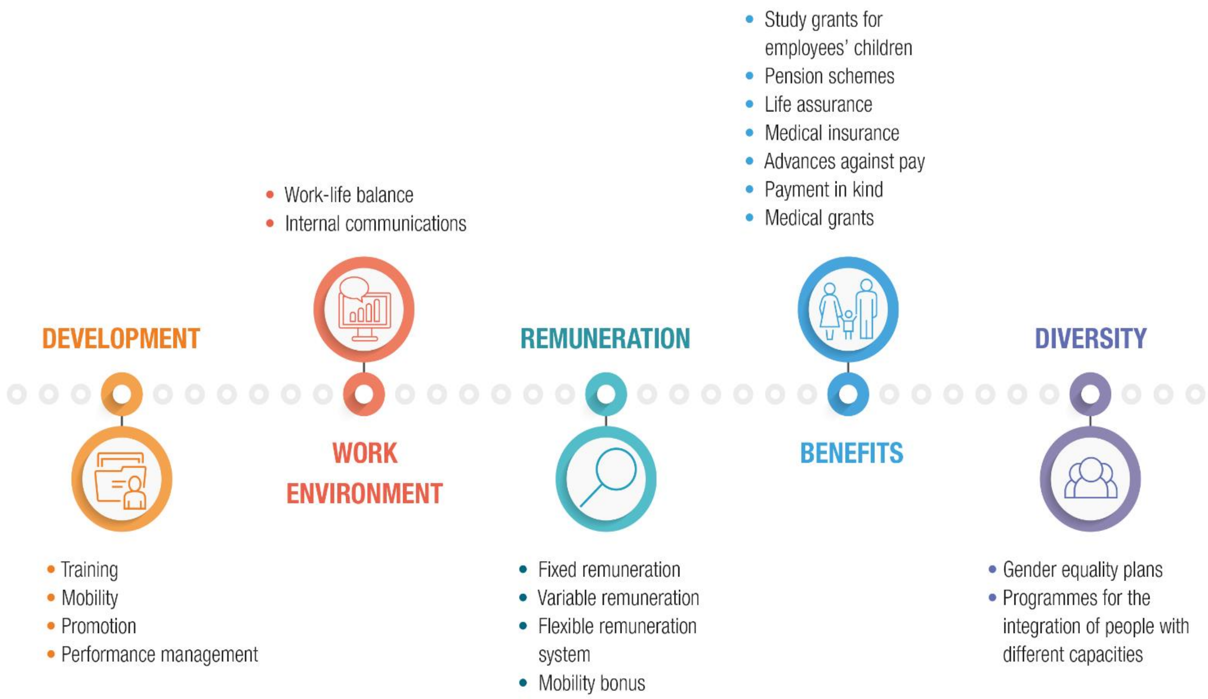
The Ebro Group's personnel management policy is designed to secure a high level of knowledge and contact with the workforce through a decentralised structure formed by the human resources managers in all the major companies of the Group and the implementation of bespoke policies in each one (in addition to the provisions of labour laws), taking account of the specific features of the countries in which they operate. These policies include not only general guidelines regulating the company/employee relationship, but also specific guidelines on Health & Safety in the Workplace, Training & Education, Diversity and Equal Opportunities and Equal Pay for Men and Women. Companies with a small personnel structure (essentially commercial companies with fewer than 10 employees) are governed exclusively by the labour laws in place in the countries in which they operate.

Above all of them and without prejudice to the provisions of the specific policies mentioned above, the Ebro Group has a Code of Conduct, which not only secures ethical, responsible conduct by the professionals in all the Group companies in the performance of their activities, but also serves as a reference to define the minimum objectives of the employment policy and guarantees, namely:

1. Health and safety in the workplace
2. Training and career development of all employees
3. Non-discrimination, diversity and equal opportunities in access to employment (including gender equality, the integration of people with different abilities and promotion of a multi-cultural workforce)
4. Right to form and join unions
5. Compliance with collective rights

In view of the contents of the different programmes launched by the most important business units in the Ebro Group, the management of Human Resources of the Ebro Group can be grouped into five pillars, indicating the different working areas within each one, for each company of the Ebro Group.

Ebro



At present, the Ebro Group has no specific policies on disconnection from work.

A. EMPLOYMENT

Total number and breakdown of employees by gender

	2018		2017	
Total Employees	**Total**	**% Total employees Group**	**Total**	**% Total employees Group**
Men	4,323	71.56%	3,849	70.49%
Women	1,718	28.44%	1,611	29.51%
Total Employees	**6,041**		**5,460**	

NB: The large gap between men and women is largely due to the nature of the Group, which is predominantly factory-based. Generally speaking, factory work has traditionally been done mainly by men. In this context, over 70% of the personnel employed at the production plants of the Ebro Group are men. The men employed in factories represent 51% of the total male headcount in the Group. The gender balance in office jobs is much more even and in certain categories there are more women than men, such as in administration, where the number of women practically doubles that of men. Gender diversity is one of the commitments established in the Group's human resources guidelines.

Breakdown of employees by age group

	2018		2017	
Age Group	Total	% Total employees Group	Total	% Total employees Group
<=30	953	15.78%	815	14.93%
30 - 50	3,192	52.84%	2,931	53.68%
>= 50	1,896	31.39%	1,714	31.39%
Total Employees	**6,041**		**5,460**	

Breakdown of employees by country

	2018		2017	
Country	Total Employees	%Total Employees Country	Total Employees	%Total Employees Country
Belgium	96	1.59%	93	1.70%
Cambodia	6	0.10%	0	0.00%
Canada	368	6.09%	359	6.58%
Denmark	47	0.78%	0	0.00%
Egypt	53	0.88%	53	0.97%
France	1,647	27.26%	1,651	30.24%
Germany	88	1.46%	84	1.54%
Hungary	5	0.08%	6	0.11%
India	123	2.04%	104	1.90%
Italy	580	9.60%	205	3.75%
Morocco	266	4.40%	291	5.33%
Netherlands	127	2.10%	115	2.11%
Portugal	67	1.11%	64	1.17%
Romania	9	0.15%	10	0.18%
Spain	978	16.19%	943	17.27%
Thailand	188	3.11%	128	2.34%
United Kingdom	119	1.97%	101	1.85%
USA	1,274	21.09%	1,253	22.95%
Average Workforce	**6,041**		**5,460**	

Breakdown of employees by professional category

Professional category	2018 No. Employees	2018 % Total employees Group	2017 No. Employees	2017 % Total employees Group
Executives	168	2.78%	141	2.58%
Middle management	843	13.95%	792	14.51%
Administrative staff	737	12.20%	680	12.45%
Auxiliary staff	1,256	20.79%	1,214	22.23%
Sales representatives	263	4.35%	253	4.63%
Others	2,774	45.92%	2,380	43.59%
Total Employees	**6,041**		**5,460**	

Breakdown of employees by type of contract

Type of contract	2018 Total	2018 % Total employees Group	2017 Total	2017 % Total employees Group
No. indefinite or permanent	3,840	63.57%	3,339	61.15%
No. fixed term or temporary	559	9.25%	509	9.32%
At-Will	1,642	27.18%	1,612	29.52%
Total Employees	**6,041**		**5,460**	

Form of contract	2018 Total	2018 % Total employees	2017 Total	2017 % Total employees
Written contracts	4,159	68.85%	3,575	65.48%
Oral contracts	240	3.97%	273	5.00%
At-will contracts	1,642	27.18%	1,612	29.52%
Total Employees	**6,041**		**5,460**	

Breakdown of permanent employees by gender and age group

	2018								
	Men			Women			*Total*		
	<=30	30 - 50	>= 50	<=30	30 - 50	>= 50	<=30	30 - 50	>= 50
Indefinite or Permanent	344	1,593	844	165	604	290	**509**	**2,197**	**1,134**
At-Will	138	508	512	45	233	206	**183**	**741**	**718**
Total permanent employees	**482**	**2,101**	**1,356**	**210**	**837**	**496**	**692**	**2,938**	**1,852**

Breakdown of temporary employees by gender and age group

	2018								
	Men			Women			*Total*		
	<=30	30 - 50	>= 50	<=30	30 - 50	>= 50	<=30	30 - 50	>= 50
Fixed term or temporary	162	188	34	99	65	11	**261**	**253**	**45**

Breakdown of part-time employees by gender

	Part-time employees		
	Men	Women	Total
Total employees	80	109	189

Number of dismissals by gender, age and professional category

	Men			Women			
Category	< 30	>30 y <50	> 50	< 30	>30 y <50	> 50	Total
Executives		1	1				2
Middle management	1	3	7	2	3	3	19
Administrative staff	1	4	1	1	6	2	15
Auxiliary staff	43	52	27	10	16	4	152
Sales representatives		3			1	2	6
Others	10	7	8		1		26
TOTAL	55	70	44	13	27	11	220

NB: It has not been possible to publish the following breakdowns this year as we had not received the relevant information from our companies by the date of issuing this report: annual average permanent contracts by professional category, annual average of temporary contracts by professional category, annual average of part-time contracts by age and professional category. These details will be included in 2019.

B. ORGANISATION OF WORK

Organisation of working time

Organisation of the working time varies in the different countries in which the Group's subsidiaries operate. Working hours may thus vary between 35 and 48 hours a week, distributed over 5 or 6 days a week. The total weeks worked a year ranges between 47 (offices) and 52 (some production plants).

Absenteeism

The total number of days of absenteeism in all the Group companies was 49,118 days.

Benefits for employees

The following table shows, by company, the benefits provided for employees in six of the subsidiaries with the greatest weight in the Group (these six companies jointly account for almost 70% of the Group turnover and over 81% of its EBITDA):

Benefits	Company					
	Herba Ricemills	Riviana	Panzani	Lustucru	Bertagni	Garofalo
Stock ownership	All employees	---	---	---	---	
Parental leave	All employees	Full-time employees	All employees	All employees	All employees	All employees
Disability/invalidity benefit	All employees	Full-time employees	All employees	All employees	---	All employees
Pension fund	---	All employees	All employees	All employees	---	All employees
Life assurance	All employees	Full-time employees	All employees	All employees	---	All employees
Medical insurance	All employees	Full-time employees	All employees	All employees	All employees	All employees

NB: "All employees" includes both full-time and part-time employees

The Group is working on the measures that would help enhance the work-life balance of its employees, such as teleworking.

We comply with the prevailing laws on parental leave and gestation periods and facilitate the application of those laws according to employees' needs.

	2018			2017		
	% Men	% Women	% Total	% Men	% Women	% Total
% Employees who took leave / employees entitled to leave	96.08%	100.00%	97.63%	96.10%	100.00%	97.64%

C. HEALTH AND SAFETY

All the Group companies and their respective plants have an occupational hazard prevention and management system in place. This system is implemented using both internal means and external firms. In addition, approximately 90% of the workforce is represented on the Health and Safety Committees in the different companies.

Health and safety topics covered in formal agreements with unions

The health and safety topics covered by formal agreements with unions are:

- Global agreements: in accordance with the principles established by the ILO, organisational structures for problem-solving, commitments regarding target performance or the level of practice to apply.
- Local agreements: personal protection equipment, mixed health and safety committees, participation of workers' representatives in health and safety audits, inspections and investigations, training and education and right to refuse unsafe work.

Number, frequency and severity of injuries, number of employees with occupational diseases and number of work-related fatalities

The following tables show the information corresponding to the companies with the greatest weight in the business: Herba Ricemills, Lustucru, Panzani, Riviana Foods, Pastificio Lucio Garofalo and Bertagni.

<u>Number of injuries</u>

	2018	
	Men	**Women**
No. lost time injuries	98	22

<u>Frequency rate</u>

	2018	
	Men	**Women**
Frequency rate	20	12

<u>Severity rate</u>

	2018	
	Men	**Women**
Severity rate	0.53	0.51

There was one work-related fatality in 2018 in one of the Group's subsidiaries.

NB: The rates were calculated with the following formulas:
Frequency rate = (total no. lost time injuries / total hours worked) x1000000
Severity rate = (no. lost days due to lost time injury in working hours / total hours worked) x1000

Occupational disease

	2018	
	Men	**Women**
No. employees with occupational disease	3	1

D. LABOUR RELATIONS

Employees covered by collective bargaining agreements

65% of the employees of the Ebro Group are covered by the collective bargaining agreements of their respective business areas or another kind of collective agreement.

The remaining 35% are top executives of the Ebro Group, the professionals of the North American companies (since these agreements have not been used there for over 20 years) and those of Herba Egypt, Mundiriz, Herba Bangkok and Herba Ingredients, where they are not used either. In those cases, all the professionals are protected by the national labour laws in place in their respective countries, their respective personnel policies and the guidelines of the Ebro Group's Code of Conduct. External ethical audits are conducted regularly in all of them.

E. TRAINING

In its Code of Conduct, the Ebro Group undertakes to promote the personal and professional development of its workers, encouraging them to improve their skills and abilities. In this context, 63% of the Group's employees participated in the training schemes organised in the different Group companies during 2018, completing a total of 72,759 hours training.

Total hours training

	2018	
Category	**Men**	**Women**
Executives	1,029	826
Middle management	8,571	3,996
Administrative staff	4,430	6,915
Auxiliary staff	19,376	6,698
Sales representatives	1,219	593
Others	16,778	2,328
Total	**51,403**	**21,356**

F. EQUALITY

The Ebro Foods Code of Conduct specifies in section IV, point 9.5 that the Group promotes and upholds the principle of equal treatment and equal opportunities for all Professionals, regardless of their race, colour, nationality, ethnic origin, religion, sex, political or sexual inclination, civil status, age, disability or family responsibilities, as a principle behind all human resources policies and applicable in the recruitment of Professionals, training, career opportunities, pay levels and all other aspects of relationships with Professionals.

In addition and even though some of the companies in the Group have their own equality plans or guidelines, one of the goals of the Sustainability Plan "Heading for 2030" is to draft the Corporate Equality Plan during 2019.

Diversity in governing bodies and employees

	2018		2017	
Total Employees	**Total**	**% Total employees Group**	**Total**	**% Total employees Group**
Men	4,323	71.56%	3,849	70.49%
Women	1,718	28.44%	1,611	29.51%
Total Employees	**6,041**		**5,460**	

	2018			
	No. Men	**No. Women**	**Men / total (%)**	**Women / total (%)**
Board of Directors	8	5	61.54%	38.46%

Employees with different abilities

2018		2017	
Men	Women	Men	Women
78	33	77	23

The Ebro Group has promoted several actions in Spain related with the socio-occupational integration of persons with different abilities, through the contracting of certain services with special employment centres (CEE).

The value of those collaborations in 2017 was €76,137.18:

ENTITY	CONCEPT	AMOUNT
C.E.E. CADEMADRID	Printing work	**1,901.07 €**
FUNDACIÓN PRODIS	Sundry printing work	**540.87 €**
C.E.E. INSERCIÓN PERSONAL DISCAPACITADOS " IPD"	Cleaning head offices in Madrid	**73,695.24 €**
	TOTAL	**76,137.18 €**

Remuneration for equal jobs or average remuneration in the company

Since the company's subsidiaries embrace a wide variety of professional categories and countries, it is impossible to give a consolidated average that accurately reflects the Group's remuneration policy. Therefore, as in other indicators, we offer the details corresponding to six of the principal companies in the Group: Herba Ricemills, Lustucru, Panzani, Riviana Foods, Pastificio Lucio Garofalo and Bertagni.

Ratio of the basic salary and average remuneration of women to men

The basic salary is identical for men and women in all the companies of the Ebro Group.

- Men-women ratio of average remuneration

The following tables set out the women-men ratios in average remuneration, showing only those employee categories in which there are both genders and, therefore, that ratio can be established.

We calculated this average remuneration based on the average gross annual salary of the employees (men and women) in each category. This gross salary includes the sum of basic salary plus supplements, such as seniority, cash bonuses and equity (e.g. shares) bonuses, overtime and any other welfare benefit (transport, accommodation expenses, aids for children, etc.).

Company	Category	Average Remuneration Men	Average Remuneration Women	Women-men ratio
Bertagni	Office staff	31,648	29,583	0.93
	Factory staff	24,727	22,728	0.92
Garofalo	Contractual Administrative Level 2	43,085	39,752	0.92
	Contractual Administrative Level 3	24,769	27,589	1.11
	Contractual Administrative Level 3A	37,264	31,923	0.86
	Contractual Administrative Level 4	22,845	26,919	1.18
Herba Ricemills	***a) Technical, Administrative and Commercial Staff***			
	Level I	42,103	38,796	0.92
	Level II	35,317	30,845	0.87
	Level III	28,813	23,913	0.83
	Level V	18,628	18,628	1.00
	b) Production Staff			
	Level I	35,593	32,405	0.91
	Level II	33,410	27,090	0.81
	Level IV	29,158	28,760	0.99
	Level VI	26,679	21,619	0.81
	Level VIII	21,094	21,094	1.00
	c) Maintenance Staff			
	Level III	19,500	19,500	1.00
	d) Management			
	Level II	87,012	73,509	0.84
Lustucru	Executives	59,541	54,167	0.91
	Technical staff & supervisors	39,609	39,841	1.01
	Office staff	37,959	30,656	0.81
	Factory staff	29,883	26,760	0.90

Panzani	Executives	82,865	57,917	0.70
	Technical staff & supervisors	44,542	37,970	0.85
	Office staff	36,587	32,716	0.89
	Factory staff	35,393	31,914	0.90
Riviana	Executives	436,293	312,971	0.72
	Middle management	110,546	102,221	0.92
	Professionals	74,531	66,781	0.90
	Technical staff	44,871	39,024	0.87
	Administrative staff	42,046	43,913	1.04
	Unskilled workers & assistants	35,966	36,738	1.02
	Factory staff	43,754	43,328	0.99

NB: The employees of these companies represent 62% of the total Group employees. The formula used to calculate the average was to divide the average remuneration of women by the average remuneration for men.

Average remuneration of directors by gender

	Men	Women
Average remuneration (1)	€256 thousand	€197 thousand

(1) *The directors' remuneration in 2018 for their duties as such was taken, excluding the remuneration received by the Executive Chairman for his executive duties. The Chairman is the only executive director who performs executive duties and receives remuneration for them. The directors' remuneration for their duties as such is stated individually for each one in the Annual Report on Directors' Remuneration 2018, published on the website of the CNMV (www.cnmv.es) and the corporate website (www.ebrofoods.es). Certain differences may exist due to rounding off.*

Average remuneration of executives by gender

	Men	Women
Average remuneration (2)	85,503	66,525

(2) *This average remuneration was calculated based on the average gross annual salaries of all the executives in the Ebro Group. That gross salary includes the sum of basic salary plus supplements, such as seniority, cash bonuses and equity (e.g. shares) bonuses, and any other welfare benefit (transport, accommodation expenses, aids for children, etc.). The formula used was the sum of average remuneration by gender divided by the number of different categories of executives by gender.*

COMMITMENT TO SOCIETY

The Ebro Group makes a significant contribution to the social and economic development of the communities in which it operates. Its business activities generate wealth through the creation of jobs, payment of salaries, tax contribution, purchase of goods and services from suppliers, distribution of dividends, implementation of welfare programmes, development of environmental initiatives, commitment to the value chain and investment in R&D and innovation.

SOCIAL CASH FLOW

	2018	2017
Economic value generated		
Net turnover	2,646,523	2,506,969
Other income	39,332	44,808
Interest income	22,862	35,505
Share of profits of associates	5,017	4,290
	2,713,734	**2,591,572**
Economic value distributed		
Consumption & other external expenses	(1,462,269)	(1,331,011)
Employee benefits	(360,496)	(338,975)
Other operating expenses	(553,870)	(528,711)
Interest expense	(31,628)	(46,562)
Corporate income tax	(63.639)	(34,157)
Net income from discontinued operations	0	0
Contribution to not-for-profit entities	(2,280)	(2,315)
Dividends(*)	(95,566)	(93,771)
	(2,569,748)	**(2,281,731)**
Economic value retained	**143,986**	**309,841**

(*) Dividends paid in the corresponding year

(figures in € 000)

TAX INFORMATION

	2018
Capital grants received	131
Operating grants received	537
Corporate income tax paid	31,490
Other taxes paid:	12,219

Breakdown:	2018	
	C.Inc.Tax	**Other taxes**
Spain	-17,323	1,039
Rest Europe	30,876	6,185
America	16,445	4,837
Asia	1,065	47
Africa	427	111
	31,490	**12,219**

The most significant countries are:	C.Inc.Tax	Other taxes
Spain	-17,323	1,039
France	19,380	5,290
Italy	8,778	215
USA	14,913	3,451

Profit before tax by countries:

	PBT 2018
Spain	16,388
Rest Europe	105,237
America	87,459
Asia	4,115
Africa	-249
	212,950

The most significant countries are:	PBT 2018
Spain	16,388
France	54,528
Italy	25,167
USA	79,690

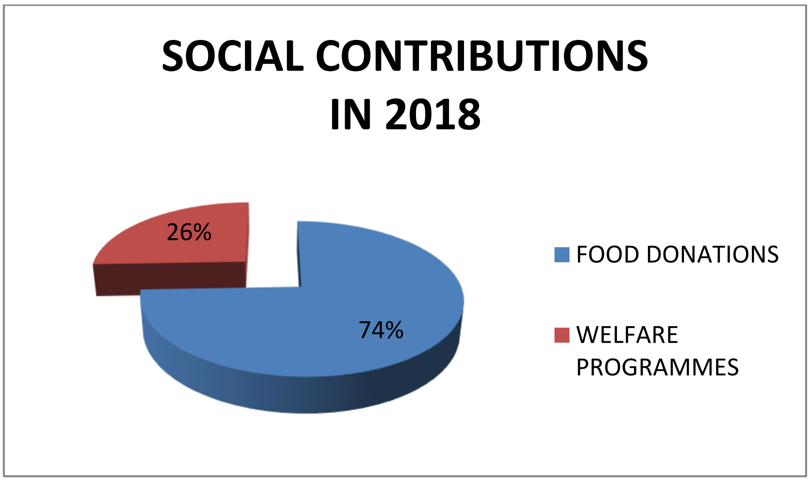
(figures in € 000)

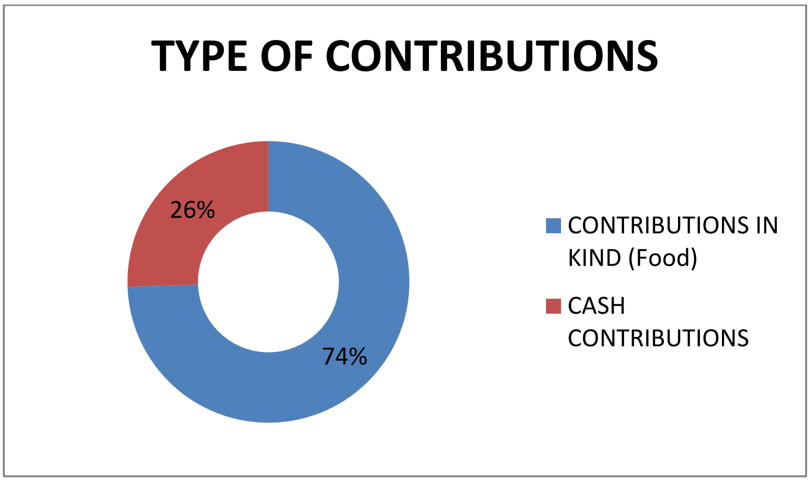
COMMITMENT TO THE DEVELOPMENT OF LOCAL COMMUNITIES

One of the main pillars of social responsibility action within the Ebro Group is ensuring the well-being and socio-economic development of the local communities directly related with our business activities.

Through the Ebro Foundation and its different companies, the company allocated over €2,280,000 to implementing this commitment in 2018. The Ebro Group and the Ebro Foundation have participated in projects created by different not-for-profit organisations and promoted and developed motu proprio initiatives of social and environmental interest.

The Ebro Group has not received any grievances or claims regarding possible negative impacts on the local communities in which it operates.





DONATIONS OF FOOD

One of the Ebro Group's main lines of social action is the donation of food, either to the food banks in the principal countries in which it operates or to different welfare organisations and associations, mainly in Spain.

Donations to food banks

Total donations to food banks by Group companies in Spain, France, USA and Canada amounted to over €1,650,000 in 2018.

COUNTRY	COMPANY	AMOUNT (€)
Spain	Herba Ricemills	**89,915.00**
USA	Riviana Foods	**982,712.00**
Canada	Catelli Foods	**106,021.00**
France	Panzani	**511,021.00**
	TOTAL	**1,689,669.00**

In Spain, as well as food deliveries to different food banks by Herba Ricemills, the Ebro Foundation also contributed €100,000 in cash to the Spanish Federation of Food Banks (FESBAL) to buy the boxes used for the massive food collection organised at the end of November 2018.

WELFARE PROGRAMMES

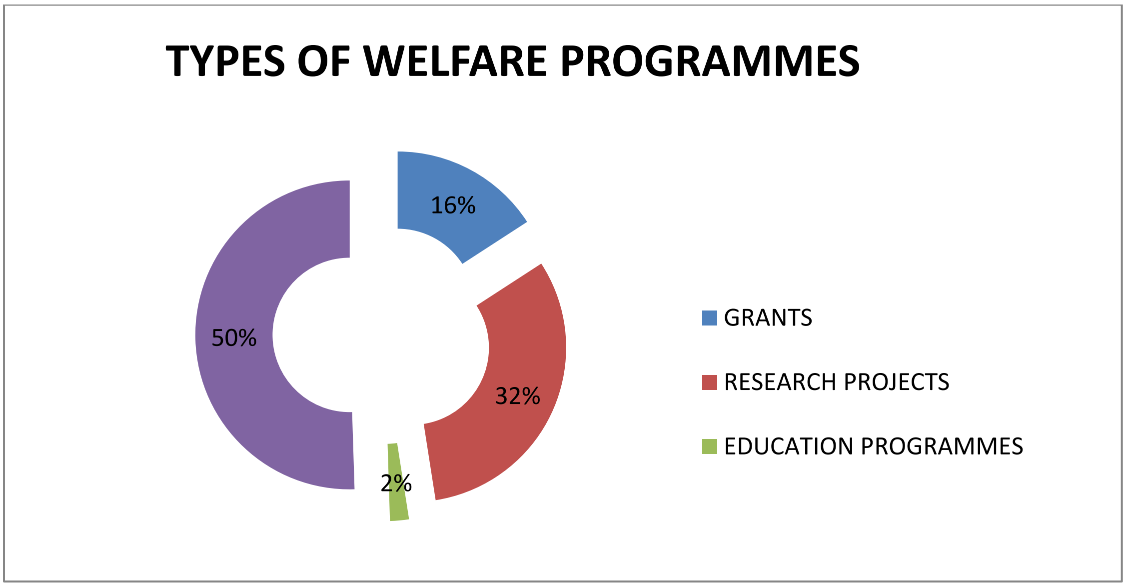
In its determination to contribute to sustainable development of the communities in which it operates, the commitment to society of the Ebro Group and the Foundation is also developed through social initiatives set up in the following areas:

- Food and nutrition
- Education and employment
- Sustainable agriculture
- Social welfare in regions of interest

A very large proportion of these actions are carried out by the Ebro Foundation.

*** Principal activities of the Ebro Foundation in 2018**

INVESTMENT €590,492.72
58 ENTITIES SUPPORTED
67 PROJECTS
4 COUNTRIES
17,537 BENEFICIARIES



1. Welfare programmes in food and nutrition

Social assistance and school meal grants

Our collaboration in this area has focused not only on monetary contributions to soup kitchens and social assistance organisations to buy food, but also on paying school meal grants for children at risk of social exclusion.

Food and nutrition programmes

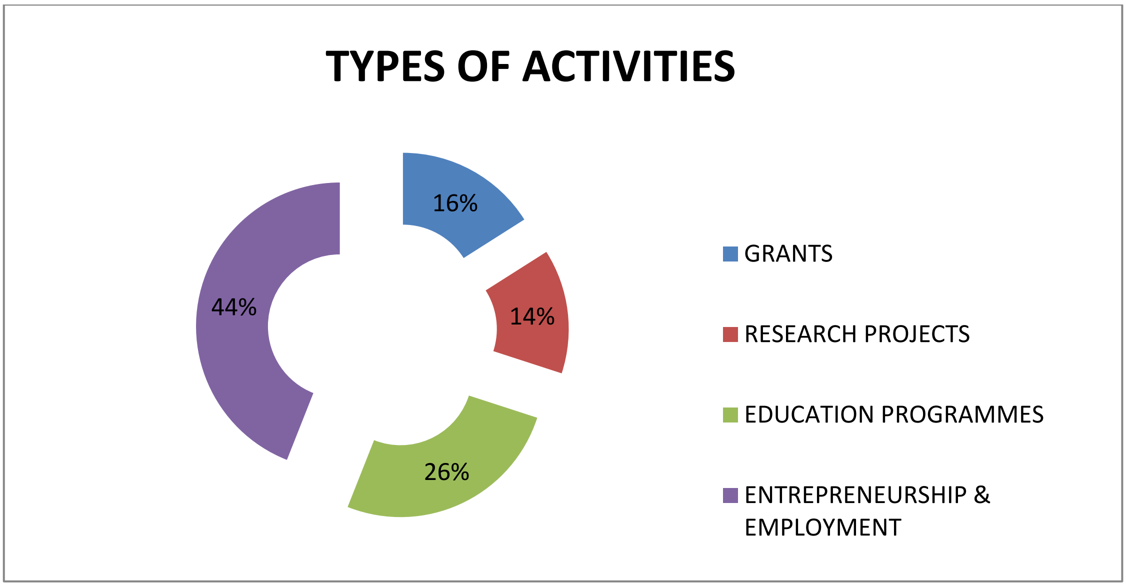
Participation in programmes that combine food and health, food and social development, and food and environmental sustainability.

The global investment made in this area in 2018 was €293,862.

2. Education and employment

This part of the Foundation's work comprises four activities: scholarships, research projects, educational programmes, and entrepreneurship and job promotion initiatives.

The overall investment in this area was €183,592, distributed as follows:



3. Sustainable agriculture

The Foundation also plays an important role in the sustainable agriculture strategy put into practice by the Ebro Group. It develops and promotes programmes for implementing crop standards that are sustainable from a social and environmental point of view in our principal raw material sourcing regions. The investment in this area was €12,135.

4. Welfare action in regions of interest

Contributing towards the socio-economic development of the communities in which the Group operates is another important goal within Ebro's commitment to society. Therefore, the Foundation endeavours specially to support projects that are designed to improve the quality of life and equal opportunities of groups at risk of social exclusion who live around its plants.

This welfare action is implemented mainly through the financing of projects organised by local entities, which have a first-hand knowledge of the needs of each area and use all their resources to start up those initiatives.

During 2018, the Foundation allocated €90,893.72 to collaborating with different entities in Seville, Madrid, Jerez, India, Morocco and Egypt.

OUTSOURCING AND SUPPLIERS

Since the Group has decentralised certain management areas, such as the Procurements Area, to its respective companies, we have not yet fully developed a global, integral, corporate management of our suppliers.

There is no group-wide procurements policy; each subsidiary has its own policies complying with the laws and circumstances of the countries in which they operate.

So at present we have three main corporate tools for controlling our suppliers: 1) visits and meetings by the Procurement Departments of the different subsidiaries; 2) the Sedex Platform, with which some suppliers of certain Group companies have gradually been registering, and have in turn been audited by an independent third party; and 3) the Supplier Code of Conduct of Ebro Foods, which lays down the rules on social and environmental conduct of the Group's suppliers and service providers. So far, 100% of the suppliers of Herba Bangkok, 99% of those of Herba Cambodia, and 80% of those of Ebro India have subscribed to it. It is not a simple process and is time-consuming.

With a view to addressing the integral management of the supply chain, we are starting to draw up a work plan, according to which we will classify all the company's suppliers into three groups as from 2019: agricultural raw materials, auxiliary raw materials and service providers. Our idea is to map our subsidiaries and then work out with them a roadmap to achieve the goal set in our Global Sustainability Plan, that 100% of our suppliers and service providers will have signed the Group's Supplier Code of Conduct by 2030 or incorporated ESG criteria in their policies. Within this plan we will also assess the convenience of continuing to use Sedex as our control tool, or using alternative tools that enable us to address this matter more thoroughly.

List of supplier audits in 2017-2018

Supplier name	Site name	Site country	Audit date	Audit company
Riso Scotti S.p.A.	RISO SCOTTI S.p.A.	ITALY	28/09/2018	BVCERT 4 Pillar Audits
Mondi Békéscsaba Ltd	Mondi Békéscsaba Kft	HUNGARY	28/09/2018	BVCERT 4 Pillar Audits
Graphic Packaging International LLC	Graphic Packaging Igualada	SPAIN	26/09/2018	BVCERT 4 Pillar Audits
VENUS GROWERS	ALEXANDRIA	GREECE	14/06/2018	Intertek Bulgaria
VENUS GROWERS	VERIA	GREECE	13/06/2018	Intertek Bulgaria
Great Giant Pineapple Company	Great Giant Pineapple Co Cannery and Plantation	INDONESIA	07/06/2018	BVCERT 4 Pillar Audits
Engro Eximp Agriproducts (Pvt) Limited	Integrated Rice Processing Complex (IRPC)	PAKISTAN	04/05/2018	Elevate Limited
GEOVITA SRL	GEOVITA SRL	ITALY	19/02/2018	SGS CBE
Mondi Consumer Packaging GmbH	Mondi Korneuburg GmbH	AUSTRIA	23/01/2018	BVCERT 4 Pillar Audits
Mundi Riso srl	Mundi Riso	ITALY	18/12/2017	SGS CBE
Ebro Foods Nederland BV	Lassie	NETHERLANDS	10/11/2017	Intertek UK
Galaxy Rice Mill	Galaxy Rice Mill	PAKISTAN	03/08/2017	Elevate Limited
Casarone Agroindustrial S.A.	ARROZUR S.A.	URUGUAY	28/06/2017	SGS
Casarone Agroindustrial S.A.	Planta José P. Varela	URUGUAY	27/06/2017	SGS

CUSTOMERS AND CONSUMERS: HEALTH AND FOOD SAFETY

Customers and consumers are two of the driving forces for development, evolution and growth of the company. The Ebro Group uses a wide variety of tools to:

1. Offer them a broad portfolio of healthy, differentiated products.
2. Anticipate and meet their needs for consumption.
3. Guarantee top quality in its products and services, meeting not only the quality standards and requirements stipulated in law, but also any stricter standards to guarantee that top quality.
4. Watch out for their health and safety, meeting the strictest food safety standards.

Our main tools

1. R&D and innovation

This is what distinguishes us from our rivals, enabling us to develop unique products and technologies to meet the needs of our customers and consumers and provide them with a differentiated range of products delivering value added.

The Ebro Group is a pioneer in the development of new concepts and innovation in the segments in which it operates. This can be seen in the new products put on the market over the past three years, such as Brillante Sabroz, Lustucru Selection, Quick Pasta, Ancient Grains, SOS Para, SOS Vidasania, Brillante a la Sartén, SOS Platos, Squeez Sauces, gluten free, brown/wholewheat rice and pastas, high-fibre and high-calcium products, quinoa, Brillante Benefit, etc.

Approximately one-third of the Ebro Group's total investment budget is set aside each year for innovation.

2. Quality Control and Food Safety Systems

i. **Good Manufacturing Practices (GMP):** contemplating good practices for the handling, packaging, storage and carriage of fresh products.

ii. **Hazard Analysis and Critical Control Point (HACCP):** a system for identification and control of any problems that may come to light during the design and production processes.

iii. **Quality Assurance Standards,** such as:

- The standards established by the International Organisation for Standardization (ISO 9001:2000, ISO 9001:2008 and ISO 22000).

- The International Food Standards (IFS), which, structured in line with ISO 9001:2000, are among the highest distinctions in Food Safety in all distribution sectors in Europe.

- The BRC (British Retail Consortium) certification, one of the internationally most widespread models for distributors and large retail outlets to rate their brand product suppliers.

- The Danish DS standards (Danish HACCP Code), for developing a HACCP system in the food industry and in the manufacturing of packing and packaging for food products.

In this context, all the Ebro Group plants have been certified for quality and food safety, having a total of 135 certifications between them. The companies also make regular assessments of their products to promote their safety and improvement. During 2018, the subsidiaries Arrozeiras Mundiarroz (Portugal), Catelli Foods (Canada), Geovita (Italy), Lassie (Netherlands), Riviana Foods (USA) and Vegetalia (Spain) made such assessments.

Product and Service Labelling

All our companies comply with the national laws and regulations applicable in each country.

Customer and consumer services

Information on the nutritional properties of all Ebro Group products is provided on the packaging, along with the physical address of the company and, where appropriate, its website, e-mail and telephone number.

The different customer services departments collect data and generate information for the quality system. Grievances are answered by telephone or e-mail, according to the details given by the customer. A case file is opened for each incident and reported internally to the Quality Department, which checks and monitors the relevant quality system in case of error and takes the necessary measures to offer a solution.

As a rule, the companies follow up all grievances by telephone to check consumer satisfaction.

Statistical monitoring is regularly conducted of all incidents and proposals for improvement made by consumers, which are discussed at the different Management Committee meetings held every month within each company.

The communication channels used with consumers in the different companies are indicated below:

COMPANY	COUNTRY	COMMUNICATION CHANNELS USED WITH CUSTOMERS
Arrozeiras Mundiarroz	Portugal	Telephone, e-mail, post and social media
Bertagni	Italy	Telephone, e-mail, website and social media
Boost Nutrition	Belgium	Telephone, e-mail, website and social media
Catelli - Olivieri	Canada	Telephone, e-mail, website and social media
Euryza	Germany	Telephone, e-mail, website and social media
Garofalo	Italy	Telephone, e-mail, website and social media
Herba Ricemills	Spain	Telephone and e-mail
Lassie	Netherlands	Telephone, e-mail, Website and social media
Lustucru	France	Telephone and post
Panzani	France	Telephone, e-mail, post and social media
Riceland	Hungary	Telephone, e-mail and website
Risella	Finland	Telephone
Riviana	USA	Telephone, e-mail, Website and social media

INCIDENTS DURING THE YEAR

Incidents registered with large customers

Overall, 9 incidents were registered in 2018, 5 of which corresponded to a voluntary product recall in France and 4 to product name and labelling issues.

<u>Claims from end consumers</u>

The following table shows the number of claims (packaging defects, requests for information, sensory properties, etc.) handled during 2018, by company.

COMPANY	COUNTRY	NUMBER OF INCIDENTS
Arrozeiras Mundiarroz	Portugal	104
Bertagni	Italy	270
Boost Nutrition	Belgium	164
Catelli - Olivieri	Canada	2,239
Euryza	Germany	408
Garofalo	Italy	518
Herba Ricemills	Spain	1,091
Lassie	Netherlands	328
Lustucru	France	1,448
Panzani	France	6,709
Riceland	Hungary	75
Risella	Finland	123
Riviana	USA	12,826 (rice) 17,508 (pasta)

None of the companies in the Ebro Group received any notification from customers during 2018 of incidents regarding privacy or data breaches.

Promotion of healthy food and healthy lifestyles

The Ebro Group is investing heavily to complete all its brands on a global scale with a new category of products targeting health, putting new healthy products on the market based on concepts such as ancient grains, gluten free, quinoa, whole grain, high fibre, vitamins, minerals, etc., focusing increasingly on everything to do with organic and natural foods.

In addition, the Ebro Group has created the blog Sentirsebiensenota.com (.es) [lit.: 'when you feel good, it shows'], an informative space in which nutritionists, researchers and professionals of the sector post articles, recipes and advice for the public promoting healthy eating habits and maintaining an active lifestyle.

ENVIRONMENT

SCOPE OF REPORTING

The information set out below corresponds to the 63 production plants that the Ebro Group has through its different companies.

The comparison of 2018 and 2017 is distorted by the fact that the figures from the following six companies have been added to the consolidated figures in 2018:

- Herba Ricemills, with 1 new plant in Los Palacios
- Ebrofrost UK, with 1 plant in the UK
- Bertagni, with 2 plants in Italy
- Geovita, with 4 plants in Italy
- Ebrofrost North America, with 1 plant in USA (last year it was included in the Riviana questionnaire)
- Herba Cambodia (last year it was included in the Herba Thailand questionnaire).

Region		No. sites reporting	Companies
Europe		**44**	
	Spain	12	Harinas Santa Rita (1), Herba Ricemills (9), Vegetalia (2)
	Portugal	1	Mundiarroz
	UK	4	Ebrofrost UK (1), S&B (3)
	Italy	8	Bertagni (2), Garofalo (1), Mundiriso (1), Geovita (4)
	France	11	Celnat (1), Lustucru (3), Panzani (6), Roland Monterrat (1)
	Belgium	4	Boost (1), H.Ingredients (3)
	Netherlands	2	Lassie, Herba Ingredients
	Germany	1	Ebrofrost Germany
	Denmark	1	Ebrofrost Denmark
North America		**14**	
	USA	11	Riviana (10), Ebrofrost NA (1)
	Canada	3	Catelli
Africa		**2**	
	Morocco	1	Mundiriz
	Egypt	1	Herba Egypt
Asia		**3**	
Tailandia		1	H.Bangkok
India		1	Ebro India
Camboya		1	H.Cambodia

ENVIRONMENTAL MANAGEMENT

The processes used at Ebro Group's production plants in both the rice and pasta divisions are relatively simple agri-food processes that do not generate any major environmental impacts and entail a minimal risk of accidental pollution. The most significant environmental risks relating to the Ebro Group can be classified as follows:

- Air emissions: Mainly emissions of particles during the handling of cereals (rice and wheat) and greenhouse gas (GHG) emissions related to energy consumption, fossil fuels and electricity. The most widely used fuel is natural gas.

- Production processes: Essentially mechanical and hydrothermal, requiring the use of very few chemical products and in very small quantities. Most of these products are used to clean the equipment and cleanse the raw materials and are relatively harmless for the environment.

- Water consumption: The amount of water used in our processes is very small (the vast majority of our products are dry) so the volume of effluent generated is also small. Moreover, the little effluent produced has a low level of contamination since the water consumed is basically used to produce steam, for cooling or as an ingredient in the finished products.

- Waste generation and management: The Ebro Group generates minimal amounts of waste, both non-hazardous (mainly packaging of ingredients and ancillary materials) and hazardous (maintenance operations).

To minimise these impacts, Ebro Foods upholds protection of the environment as one of the basic principles of our activities and implements the necessary tools, measures and means in its companies to guarantee that protection. The Ebro Group takes measures to:

- Ensure that its companies comply with the environmental laws applicable to their respective activities by implementing internal management systems and monitoring the applicable laws and regulations.

- Minimise the environmental impact of its activity by seeking eco-friendly solutions and continually embarking on initiatives to reduce its emissions and waste generation and optimise its consumption of water, energy and packaging material.

- Manage all its waste adequately and safely, encouraging recycling and reuse. Use recycled raw materials and/or those respectful of the environment, whenever possible.

- Organise environmental awareness and training programmes for employees.

Resources dedicated to environmental risk prevention

Fifteen of the 28 companies covered by this report have reported investments in measures to reduce / optimise energy consumption, water consumption and GHG emissions.

- Mundiarroz
- Boost
- Catelli
- Celnat
- Ebrofrost North America
- Garofalo
- Herba Ricemills
- Lassie
- Lustucru
- Mundi Riso
- Panzani
- Riviana Rice
- Riviana Pasta
- Roland Monterrat
- Vegetalia

	2017	2018
Expenditure in management and control	784,096 €	677,332 €
Investment to minimise impact	2,183,094 €	2,370,949 €
Total:	**2,967,190 €**	**3,048,281 €**

The investments reported here include measures to improve heat insulation, the installation of equipment to recover, reduce and optimise energy and water consumption, the installation of LED luminaires, the measurement of noise, particles emissions, and measurement and analysis of effluent.

Provisions and guarantees for environmental risks

All the Group companies have taken out third party liability insurance covering any damage caused by sudden, unintentional, accidental pollution; that insurance is considered to cover any possible risks of this nature. To date there have been no significant claims for environmental issues, favourable outcomes of audits and inspections, and no allegations in the processing of Integrated Environmental Authorisations, etc.

Environmental certification or assessment procedures

Total compliance with the laws and regulations applicable to its activities is a basic principle and goal in the Ebro Group environmental management. All the production plants of the Ebro Group operate under the applicable certifications, specifications and authorisations in their respective geographical areas and internally manage their environmental aspects accordingly.

Non-compliance, fines and sanctions [307-1])

Only Arrozeiras Mundiarroz reported a small fine in 2018 for non-compliance with environmental laws and regulations.

Año	Compañia	Incumplimiento	Sanción
2018	Arrozeiras Mundiarroz	Falta de certificado de verificación técnica de detección de fugas de gasen equipo de refrigeración (gragnifrigor)	6.075 €

Year	Company	Non-compliance	Fine/Sanction
2018	Arrozeiras Mundiarroz	No certificate of technical inspection to detect gas leaks in cooling equipment (Granifrigor)	€6,075

The following production plants have an environmental management system certified under UNE-EN-ISO 14.001:

Year	Company	Country	Workplace	Certificate
2018	Garofalo	Italy	Gragnano	ISO 14001
2018	Panzani	France	Littoral	ISO 14001
2018	Panzani	France	Gennevilliers	ISO 14001
2018	Panzani	France	Saint Just	ISO 14001

Precautionary principle

The guidelines on which the precautionary principle are set out in the Group's Code of Conduct and CSR Policy:

- The Group declares its firm commitment to respect and preserve the environment.
- It sees that its companies comply with the environmental laws applicable to their operations and any additional commitments assumed voluntarily.
- Environmental sustainability programmes will be applied in specific matters.

CIRCULAR ECONOMY AND WASTE MANAGEMENT AND PREVENTION

In Spain, to guarantee meeting the reduction, recycling and re-use targets defined in the Packaging and Packaging Waste Act 11/97 of 24 April, the Spanish subsidiary Herba has joined Ecoembalajes España, S.A. (Ecoembes), which has the mission of designing and developing systems for selective collection and recovery of used packaging and packaging waste. Ecoembes uses the “Green Dot” (symbol that appears on the packaging) to show that the packager of the product has paid a sum of money for each package put on the market.

Both the rice companies and the head offices of Ebro Foods have signed agreements with companies similar to Ecoembes for the destruction of paper and other data carriers. With these agreements, apart from complying with the Data Protection Act, they guarantee a sustainable management of the documentation through the undertaking by these companies to recycle the material.

We are analysing our contribution to CEFLEX, the collaborative initiative of a European consortium of companies and associations representing the entire value chain of flexible packaging. The CEFLEX Mission is to further enhance the performance of flexible packaging in the circular economy by designing and advancing better system solutions identified through the collaboration of companies representing the entire value chain.

Actions to combat food waste

The main internal policy for food surplus within the Group (defining surplus as products suitable for consumption but which, for different reasons -such as packaging defects, being close to their use-by date, etc.- are not suitable for sale to consumers) is donation to the closest food banks.

They Ebro Group also participates actively in the programme “Don’t waste food”, a collaborative initiative to reduce food waste, led by AECOC, the association of large consumer companies.

The three principal objectives of the project are to:

- Establish prevention and efficiency practices throughout the food chain to reduce waste
- Maximise use of the surplus produced in different stages of the value chain (redistribution, reuse and recycling)
- Make society aware of this problem and the need to reduce food waste.

The initiative is supported by over 350 manufacturers and distributors in the large consumer sector, logistics and haulage operators, business associations, consumer organisations and institutions and is coordinated by AECOC.

The programme aims to inform people about the efforts being made by companies to prevent food waste and promote enhanced collaboration to gradually reduce the problem. Every year some 7.7 million tonnes of food is wasted in Spain. Therefore, the *"Don't waste food"* programme aims to make consumers throughout the world aware of the problems of food waste and get them to participate in the initiative, encouraging them to collaborate in order to reduce the waste generated by each person.

Measures for waste prevention, recycling, reuse and other forms of recovery and elimination

All the companies in our Group have contracted the management of hazardous and non-hazardous waste to authorised waste disposal contractors.

Some of the Group's rice companies use the husk from their manufacturing processes as a source of renewable energy. In 2018, Ebro India, Mundi Riso, Herba Ricemills and Vegetalia reported husk consumption as a source for generating heat energy.

Moreover, in 2019 Herba Ricemills, in alliance with other companies, is going to present a project in the LIFE Programme aiming to reuse rice husk and straw within the concept of circular economy, using a technological solution to create a new fireproof material or compound, with heat and sound insulating properties, that can be sold and used.

Water discharge [306-1]

Water discharge (m3)	2017	2018
Sewage	568,315	76,598
Process water	1,879,317	2,385,391
Total water discharge	**2,447,632**	**2,461,989**

Destination industrial effluent (m3)	2017	2018
Sewerage system or treatment facility	1,242,789	2,311,010
Inland waters	107,512	15,889
Marine waters	0	58492
Total	**1,350,301**	**2,385,391**

Waste generation [306-2]

All the hazardous waste is transferred to authorised waste disposal contractors for treatment according to the laws in place in each region.

Non-hazardous waste is separated by type and also handled by authorised waste disposal contractors, favouring recycling and reuse whenever possible.

Waste (t)	2017	2018
Hazardous	40	7,238
Non-hazardous	31,891	37,240
Total Waste	**31,932**	**44,477**

Non-Hazardous Waste (t)	2017	2018
Recycling	9,743	11,650
Reuse	1,070	3,567
Landfill	9,509	9,953
Composting	1,607	1,954
Incineration	2,654	3,696
Other	5,660	3,318
Total Non-Hazardous Waste:	**30,243**	**34,137**

Hazardous Waste (t)	2017	2018
Recycling	0	7,035
Solidification & stabilization	0	5
Incineration	0	78
Pyrolysis	0	0
Landfill	0	1
Other	0	106
Total Hazardous Waste:	**0**	**7,225**

Significant spills [306-3]

No spills occurred in 2018.

SUSTAINABLE USE OF RESOURCES

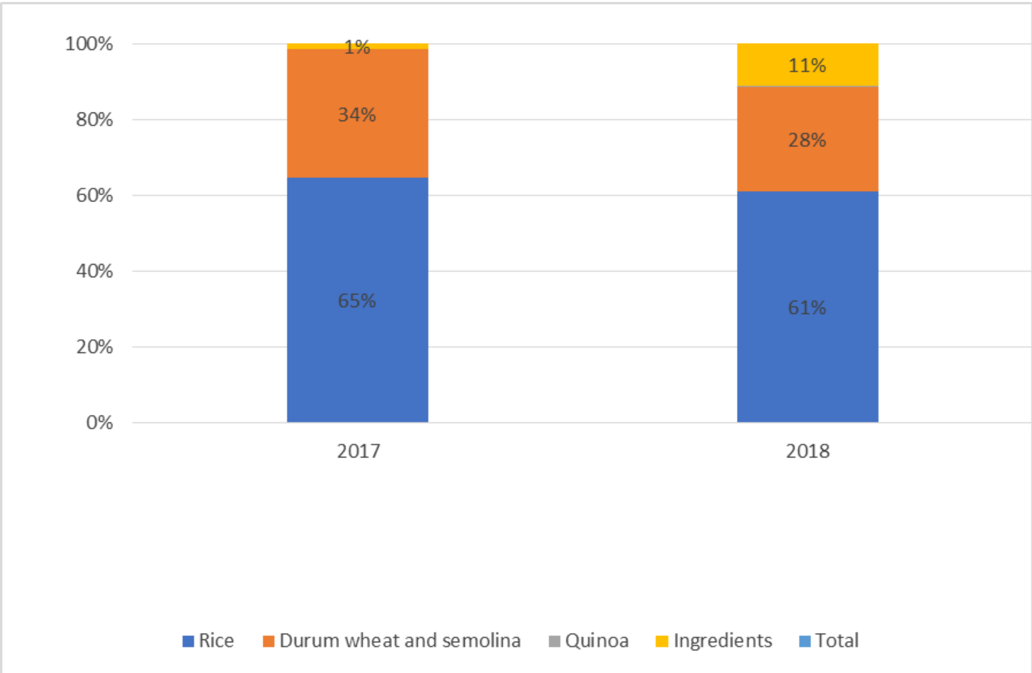
Raw Materials [301-1]

The raw materials used are divided into two major categories, those used in the preparation of finished goods and the packaging materials

The raw materials used in finished goods are divided into two categories.

- Agricultural: rice, durum wheat and quinoa
- Processed: ingredients (ready-to-serve)

Raw Materials for Product (t)	2017	2018
Rice	1,974,151	1,774,534
Durum wheat and semolina	1,026,675	799,946
Quinoa	3,091	4,164
Ingredients	44,414	325,108
Total	**3,048,331**	**2,903,752**



The packaging materials for finished products are mainly paper, cardboard and plastic.

Input materials for Packaging (t)	2017	2018
Paper	16,197	17,825
Cardboard	42,761	44,661
Plastic	17,424	46,144
Others	1,246	2,321
Total	**77,628**	**110,951**

Recycled packaging materials [301-2]

The recycled input materials used for packaging set out below are partial, since this indicator has not been reported globally by all the European companies (the North American companies have provided this information).

Recycled input materials in packaging (t)	2017	2018
Recycled paper	3,839	2,212
Recycled cardboard	17,055	16,820
Recycled plastic	715	216
Total	**21,609**	**19,248**

Energy consumption [302-1]

The total energy consumption for the Ebro Group is shown below:

- **Direct consumption**

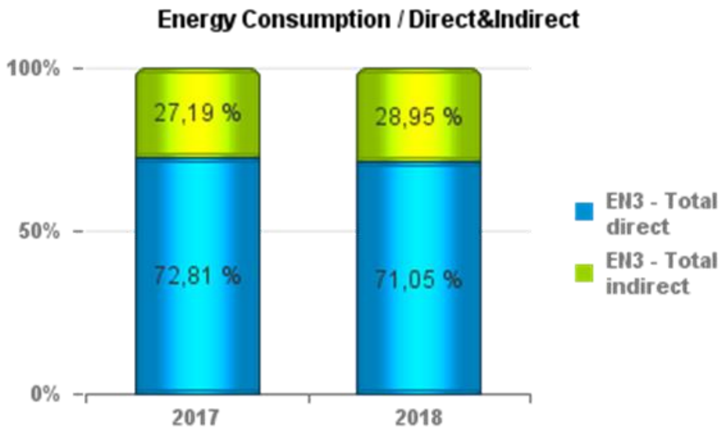
Consumption non-renewable energy sources (GJ)	2017	2018
Natural Gas	3,327,082	3,268,551
Others	65,935	53,460
Total	**3,393,017**	**3,322,011**
Consumption renewable energy sources (GJ)	**2017**	**2018**
Biomass	118,424	93,146
Total	**118,424**	**93,146**
Total direct consumption	**3,511,442**	**3,415,157**

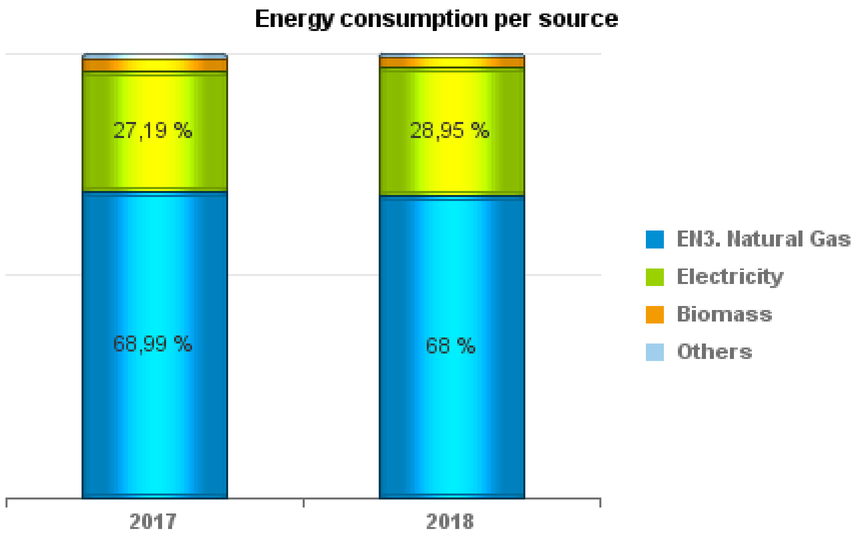
Biomass: is exclusively rice husk, a by-product of our industrial processes.

- ## Indirect consumption

Intermediate energy acquired and consumed (GJ)	2017	2018
Electricity	1,311,458	1,391,809
Total indirect consumption	**1,311,458**	**1,391,809**

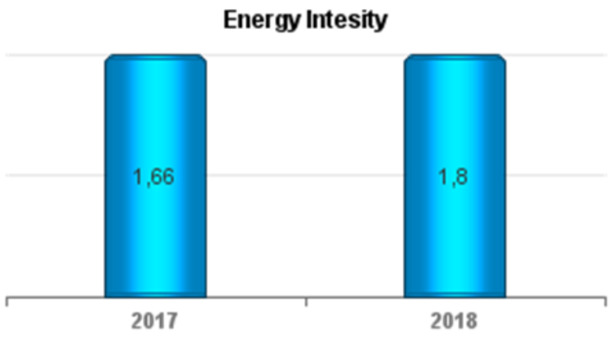
Total energy consumption (GJ)	2017	2018
	4,822,900	**4,806,966**





Energy intensity [302-3]

Raw Materials Product (t)	2017	2018
Total produced (t)	2,912,525	2,671,856
Total energy consumed (GJ)	4,822,900	4,806,966
Energy intensity (GJ/t product)	**1.66**	**1.80**



Reduction of energy consumption [302-4]

Four group companies developed different initiatives in 2018 to reduce their energy consumption, by a total of €296,812.

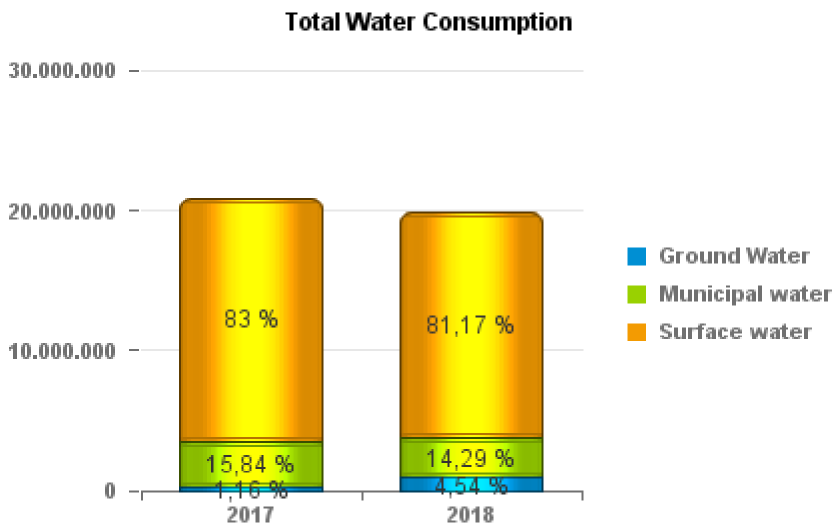
Company	Initiative	Cost (€)
Boost Nutrition	Luminaires	4,000 €
Mundiriso	Biomass boiler	52,380 €
Panzani	Capacitor	30,000 €
Panzani	Thermal insulation	125,346 €
Panzani	Installation LED luminaires	44,000 €
Riviana Pasta	Installation LED luminaires (Fresno)	41,086 €
Total		**296,812 €**

Water consumption [303-1]

Total volume of water withdrawn (m3)	2017	2018
Tap water	3,310,017	2,843,088
Groundwater	242,308	902,660
Total industrial processes	**3,552,324**	**3,745,748**
Surface water	**17,340,000**	**16,150,000**
Total water withdrawn	**20,892,324**	**19,895,748**

The surface water was not withdrawn for our industrial activity but the agricultural activity performed by the subsidiary Rivera del Arroz in Morocco.

	2017	2018
Groundwater	1.2%	4.5%
Surface water	83.0%	81.2%
Tap water	15.8%	14.3%



Water recycled and reused [303-3]

Total volume of water recycled and reused (m3)	2017	2018
Recycled water	455,417	400,054
Reused water	53681	0
Total	**509,098**	**400,054**

% water recycled & reused / global consumption	2017	2018
Recycled water	2.18%	2.01%
Reused water	0.26%	0.00%
Total	**2.44%**	**2.01%**

CLIMATE CHANGE AND PROTECTION OF BIODIVERSITY

The Ebro Group takes an active approach to the promotion and investigation of environmentally sustainable growing techniques for application in the production of its principal agricultural raw materials (rice, durum wheat and tomatoes) and to contribute towards greater preservation of the environment, biodiversity and mitigation of climate change by applying growing techniques to reduce crop emissions. This work is done through own initiatives and specific collaborations with stakeholders and sectoral associations, particularly the Sustainable Agriculture Initiative Platform (SAI Platform) and the Sustainable Rice Platform.

In this context, with regard to durum wheat and tomatoes, the French subsidiary Panzani is developing the programme "Nature" with a view to changing the growing practices of the suppliers in its supply chain so that their raw materials are free from pesticide residues by 2025.

With regard to rice, the Group has continued working in collaboration with other stakeholders on the development of projects to enhance environmental sustainability and preserve biodiversity in different production areas. The most representative examples of this work are:

- "Sustainable Hom Mali Rice programme": Our subsidiary Herba Bangkok, Mars Food, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Thai Rice Department have jointly created an innovative programme to improve the economic viability of 1,200 Thai rice growers and develop high quality, sustainable Hom Mali rice (Jazmine rice) using a Climate-Smart system to mitigate climate change in the province of Roi Et. This programme will be developed over a period of two and a half years, from 2018 to 2020.

- Biodiversity in the Ebro Delta: Through the collaboration of Ebro Foods and Kellogg with the Institute for Research and Technology in Food and Agriculture (IRTA), biodiversity management was studied for the benefit of the rice crop and its sustainability in the Ebro Delta. The IRTA researchers made this analysis with active collaboration from growers, along with sector and environmental experts, to identify the best measures to protect biodiversity in the paddy fields while assisting growers. They took into account agricultural, environmental, economic and social factors. The study concluded that the measures most highly valued by the agricultural community and most effective in in enhancing biodiversity in this region were to plant yellow flag to maintain the stability of the drainage channels and increase the bat population by installing artificial roosts (bat boxes) to improve pest control.

- "Oryzonte" Programme: This project, developed at the Guadalquivir Marshes (Seville) together with Mars Food and Danone, works on three core areas:

    1. Good growing practices: training of growers in eco-friendly growing practices, such as the enhanced use of fertilizers and chemical products
    2. Reduction of water consumption and GHG emissions
    3. Biodiversity: the project will foster the implementation of measures to enhance biodiversity at the Seville rice farms, with demonstration fields and training activities.

The Ebro Group is also a member of the Climate Change Cluster promoted by Forética (www.foretica.org). In that Cluster, a group of large companies work together to lead the strategic positioning addressing climate change in the business agenda, discuss and exchange views and good practices, be part of the global debate and become key players in the decisions made at the administrative level.

Moreover, within our commitment to the rest of our value chain, in 2016 we started using the Sedex platform as a management tool, a programme to monitor the environmental (social and governance) -ESG- performance of our industrial suppliers through ethics audits and collaboration with them where necessary to enhance their environmental practices. During 2018 we continued working on the engagement stage, explaining our initiative to suppliers and asking them to register with SEDEX to assess their CSR performance. When this stage is concluded, we will make a risk analysis to define priorities for the ethics audit plan to be developed (last stage).

Operational sites in, or adjacent to, protected areas or areas of high biodiversity value outside protected areas [304-1]

Of our 63 production plants, only the Riviana rice plant in Freeport, Texas is adjacent to a wetland with protected area status, Brazos River.

Significant impacts of activities, products, and services on biodiversity [304-2]

There have been no impacts in any areas considered of high biodiversity value.

Habitats protected or restored [304-3]

No restoration measures have been implemented in protected habitats.

Water sources significantly affected by water withdrawal [303-2]

There has been no impact on water bodies or habitats of high biodiversity value.

Significant spills [306-3] and water bodies affected by water discharges and/or runoff [306-5]

There have been no significant spills or any impact on habitats of high biodiversity value.

POLLUTION

In 2016, Herba Ricemills obtained the Environmental Product Declaration (EPD) Certificate for its 1 kg packs of SOS short-grain and long-grain rice. This environmental declaration was prepared following the methodology of product Life Cycle Assessment (LCA), including the entire production chain from the rice growing, industrial phase and distribution of the packaged product, its use for human consumption and final disposal of the material.

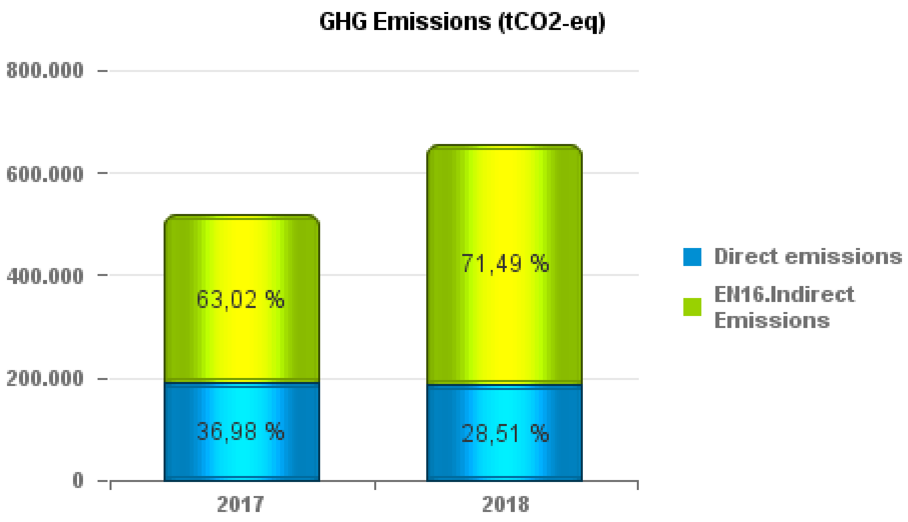
The LCA study is based on the following ISO standards and product category rule indicated below:

- ISO 14040:2006 - Environmental management - Life cycle assessment - Principles and framework
- ISO 14044:2006 - Environmental management - Life cycle assessment - Requirements and guidelines
- ISO 14025:2006 - Environmental labels and declarations - Type III environmental declarations - Principles and procedures
- PCR: 2013:04 v 1.02; UN CPC 231, GRAIN MILL PRODUCTS; version 1.02.

The LCA revealed that the stages with the greatest environmental impact as regards greenhouse gas emissions are the agricultural stage (45-54%) and the use and final disposal of the product (33-36%), the industrial stage being the one with the least environmental impact (10-17%).

Direct and indirect GHG emissions (Scopes 1 and 2) [305-1 / 305-2]

GHG emissions (t CO2-eq)	2017	2018
Direct emissions	191,256	186,993
Indirect emissions	325,979	468,782
Total emissions	**517,234**	**655,775**



Other indirect GHG emissions (Scope 3) [305-3]

In 2015, the rice division of Ebro Foods contracted its main shipping service provider, EccoFreight, to calculate the carbon footprint of shipping our raw materials and products.

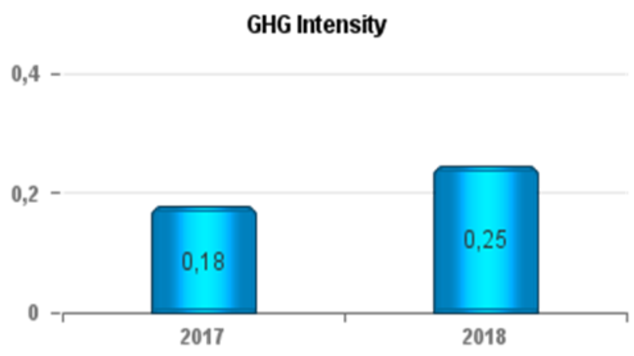
This calculation is made using the tool Eccoprint developed by EccoFreight and has a gate-to-gate scope, including the transport (by rail and/or road) from the source plant to the port of departure and from the port of arrival to our plants.

In 2018, EccoFreight handled 74% of the shipments managed by Herba Ricemills for the entire Group, with 202,790 tonnes shipped (11,218 TEUs) and the GHG emissions totalled 33.894 t of $CO_{2\ eq}$. These emissions are not counted to calculate the indicator 305-3.

Moreover, in 2017 Ebro Foods started using the Cool Farm Tool predictive model of Cool Farm Alliance, of which it is a member, to estimate the GHG emissions generated in the production of its agricultural produce, which account for over 50% of the carbon footprint of its products in the case of rice.

GHG emissions intensity [305-4]

	2017	2018
Total produced (t)	2,912,525	2,671,856
Total GHG emissions (t CO_2-eq)	517,234	655,775
GHG emissions intensity (t CO_2-eq /t product)	**0.18**	**0.25**



Emissions of ozone-depleting substances [305-6]

We are analysing the materiality of this indicator. So far, we only have partial data for some plants, so it will not be reported this year.

NOx, SOx and other significant air emissions [305-7]

We are analysing the materiality of this indicator. So far, we only have partial data for some plants, so it will not be reported this year.

Greenhouse gas reduction goals

At the end of 2018, the Ebro Group drew up its Global Sustainability Plan 2030, defining three work packages, one of which corresponds to reduction of our environmental impact.

Bloques de Trabajo	Ámbitos de actuación
Caring for You	Ética y cumplimiento (DDHH) Gestión del capital humano Desarrollo de las comunidades locales
Caring for Food	Alimentacón saludable y diferenciada Calidad y seguridad alimentaria Innovación
Caring for the Earth	Sostenibilidad de la cadena de suministro Sostenibilidad medioambiental

Work Packages	Areas of action
Caring for You	Ethics & compliance (HR) Management of human capital Development of local communities
Caring for Food	Healthy, differentiated food Food safety and quality Innovation
Caring for the Earth	Sustainability of the supply chain Environmental sustainability

Based on this Global Sustainability Plan, the Group companies will work on their individual goals during the coming year.

ANNEX: Index of contents required by Act 11/2018 of 28 December amending the Commercial Code, the recast Corporate Enterprises Act approved by Legislative Royal Decree 1/2010 of 2 July, and the Audit Act 22/2015 of 20 July, regarding the disclosure of non-financial and diversity information

General areas

Area		Reporting framework	Reference	Comments / Reason for omission
Business model	Description of the business model: – Business environment – Organisation and structure – Markets in which it operates – Objectives and strategies – Principal factors and trends that may affect its future evolution	102-2, 102-7, 102-3, 102-4, 102-6, 102-15	7-11 18-22	
General	Mention in the report of the national, European or international **reporting framework** used to select the key non-financial performance indicators included in each section. If the company complies with the non-financial reporting act by issuing a **separate report**, it must expressly state that said information forms part of the management report.	102-54	2	
Management focus	**Description of the policies** applied by the group in respect of these matters, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of material risks and impacts and those of verification and control, including the measures implemented.	103-1 103-2	12-17	
	The **results of those policies,** including the relevant key non-financial performance indicators enabling the monitoring and assessment of progress and favouring comparison between companies and sectors, according to the national, European or international frameworks used.	103-2 103-3	14-15	
	The main risks related with those issues linked to the group's activities, including, where necessary and proportional, its commercial relations, products or services that may have an adverse effect on those areas and how the company manages those risks, explaining the procedures followed to	102-15	18-22	

	detect and assess them in accordance with the national, European or international frameworks for each area. This should include information on the impacts detected, giving a breakdown, particularly regarding the main risks in the short, medium and long term.			

Environmental aspects

Area		Reporting framework	Reference	Comments / Reason for omission
Management focus				
Environmental management	**Existing and foreseeable effects** of the company's activities	Internal framework: internal procedures, Code of Conduct, GRI 307-1	53-54	
	Environmental **certification or assessment procedures**	ISO 14001	56	
	Resources employed for preventing environmental risks	Internal framework: Accounting	55	
	Application of the **precautionary principle**	GRI 102-11	56	
	Quantity of **provisions and guarantees** for environmental risks	Internal framework: Insurance policy for third-party liability and accidental pollution damage	55	
Pollution	**Measures** to prevent, reduce or remedy carbon emissions (including noise and light pollution)	GRI 305-1, 305-2, 305-3, 305-6, 305-7	67-69	
Circular economy and waste management and prevention	**Measures** for waste prevention, recycling, reuse and other forms of recovery and elimination	GRI 301-2, 301-3, 306-1, 306-2	57-59	
	Actions to combat food waste	Internal framework: donations to food banks	58	
Sustainable use of resources	**Water consumption** and water supply within local limits	GRI 303-1	64-65	
	Consumption of raw materials	GRI 301-1, 301-2	60-61	
	Measures taken to make the use of water more efficient	GRI 302-4	63	
	Direct and indirect energy **consumption**	GRI 302-1, 302-2, 302-3	61-63	
	Measures implemented to enhance energy efficiency	GRI 302-4	63	
	Use of renewable energies	GRI 302-1	61	
Climate change	Important **elements** of the GHG emissions generated	GRI 305-1, 305-2, 305-3	67-68	

	Measures taken to adapt to the consequences of climate change	Internal framework: sustainable agriculture projects	65-70	
	Reduction **goals** established voluntarily	GRI 305-5, 301-1	69-70	
Protection of biodiversity	**Measures** taken to preserve or restore biodiversity	GRI 304-3	65-67	
	Impacts caused by activities or operations in protected areas	GRI 303-2 ,304-2, 306-5	67	

Social and employee aspects

Area		Reporting framework	Reference	Comments / Reason for omission
Management focus				
Employment	Total **number** and distribution of employees by gender, age, country and professional category	GRI 405-1	29-31	
	Total **number** and distribution of types of employment contract	GRI 401-1	31	
	Annual **average** of permanent, temporary and part-time contracts by gender, age and professional category	GRI 401-1, 405-1	31-32	The average contracts by professional category is not reported, as that detail is not characterised in the reporting tool. It will be included next year
	Number of dismissals by gender, age and professional category	GRI 401-1	32	
	Pay gap	GRI 405-2	37-40	
	Average **remuneration** by gender, age and professional category	GRI 405-2	38-39	The average by age is not reported, as that detail is not characterised in the reporting tool. It will be included next year
	Average **remuneration** of directors by gender	GRI 102-35	39-40	
	Average **remuneration** of executives by gender	GRI 102-35	40	
	Implementation of **policies** on disconnection from work		29	There are no policies on disconnection from work
	Employees with disability	GRI 405-1	37	
Organisation of work	**Organisation** of working time	GRI 401-2, 401-3	33	
	Number of hours absenteeism	GRI 403-2	33	
	Measures to facilitate work-life balance and responsible joint exercise of those measures by both parents	GRI 401-2, 401-3	33	
Health and safety	**Conditions** of health and safety at work	GRI 403-1, 403-2, 403-3, 403-4	34	
	Number of occupational injuries and disease by gender, frequency rate and severity by gender	GRI 403-2, 403-3	34-35	
Labour relations	**Organisation** of social dialogue	GRI 402-1, 403-1, 403-4	34-35	
	Percentage of employees covered by collective agreements by country	GRI 102-41	35	

	Balance of collective agreements, particularly in the area of health and safety at work	GRI 102-41, 403-4	34	
Training	**Policies** implemented in the training area	GRI 404-2	35	
	Total **hours** training by professional category	GRI 404-1	36	
Universal accessibility by persons with disability		GRI 405-1	36-37	
Equality	**Measures** implemented to promote equal treatment and opportunities between women and men	GRI 401-3, 405-1, 405-2	36	
	Equality plans Measures taken to promote employment, protocols against sexual and gender-related harassment	GRI 103-2, 405-1	36	
	Integration and universal accessibility of persons with different abilities	GRI 405-1	36-37	
	Policy against all forms of discrimination and, where appropriate, diversity management	GRI 103-2, 406-1	23	

Information on respect for human rights

Area	Reporting framework	Reference	Comments / Reason for omission
Management focus			
Application of due diligence procedures in respect of human rights	GRI 103-2, 412-2	23	
Prevention of the risks of violating human rights and, where necessary, **measures** to mitigate, manage and redress possible abuse committed	GRI 412-2	23-24	
Complaints of violation of human rights	GRI 406-1	23-24	
Promotion and compliance with the ILO fundamental conventions related with respect for the freedom of association and right to collective bargaining, elimination of discrimination in employment and occupation, elimination of forced or mandatory labour and effective abolition of child labour	GRI 405-1, 407-1 , 408-1, 409-1, 410-1	23	

Information on anti-corruption and bribery

Area	Reporting framework	Reference	Comments / Reason for omission
Management focus			
Anti-corruption and bribery **measures**	GRI 205-1, 205-2, 419-1	25-26	
Anti-money laundering **measures**	GRI 205-2, 419-1	27	
Contributions to foundations and not-for-profit entities	GRI 201-1, 413-1	41, 43-46	

Information on the company

Area		Reporting framework	Reference	Comments / Reason for omission
Management focus				
Company's commitments to sustainable development	**Impact** of the company's activities on local development and employment	GRI 102-42, 102-43	41, 43-46	
	Impact of the company's activities on local populations and region	GRI 411-1, 413-2	41, 43-46	
	Relations with local communities and forms of dialogue with them	GRI 102-43	43-46	
	Association or sponsorship **actions**	GRI 203-1, 102-12, 102-16, 102-13	43-46	
Outsourcing and suppliers	**Inclusion** in the procurement policy of social, gender equality and environmental issues	GRI 102-9, 308-1, 414-1	47	
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	GRI 102-9, 414-2	47	
	Supervision and audit **systems** and results	GRI 308-2, 407-1, 408-1, 409-1	47-48	
Consumers	**Measures** to guarantee consumer health and safety	GRI 416-1	49-50	
	Grievance **systems**	GRI 416-2, 418-1	50-51	
	Complaints received and solution provided	GRI 103-2, 416-2, 417-2	51-52	
Tax information	**Profit** obtained, country by country	GRI 201-1	42	
	Corporate income **tax** paid	Internal framework: Tax and Finance Departments	42	
	Government **grants** received	GRI 201-4	42	

Independent Limited Assurance Report of the Non-Financial Statement
for the year ended December 31, 2018

EBRO FOODS, S.A. AND SUBSIDIARIES

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

To the Shareholders of EBRO FOODS, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Statement (hereinafter NFS) for the year ended December 31, 2018, of EBRO Foods S.A. and subsidiaries (hereinafter, the Group), which is part of the Director's Report of the Group.

The content of the NFS includes information additional to that required by current mercantile regulations regarding non-financial information that has not been the object of our verification work. In this sense, our work has been limited exclusively to the verification of the information identified in the table "Index of contents required under Law 11/2018" included in the attached NSF.

Responsibility of the Directors

The Board of Directors of EBRO FOODS, S.A. is responsible for the approval and content of the NFS included in the Director's Report of EBRO FOODS, S.A. The NFS has been prepared in accordance with the content established in prevailing mercantile regulations and the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in the section: "Table of contents required under Law 11/2018 of December 28 on disclosure of nonfinancial and diversity information", included in the aforementioned Statement.

The directors are also responsible for the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

EBRO FOODS, S.A. administrators are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality control procedures

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence, diligence, confidentiality and professionalism.

Our Firm complies with the International Standard on Quality Control No. 1 and thus maintains a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards, as well as applicable legal provisions and regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed, that refers exclusively to 2018. Information on prior years was not subject to the verification required by prevailing mercantile regulations. Our review has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the Guide for Non-Financial Statement verification engagements, issued by the Spanish Institute of Chartered accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- Meeting with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.

- Analyzing the scope, relevance and integrity of the content included in the NFS based on the materiality analysis made by the Group and described in the section "The Organization of EBRO FOODS GROUP", considering the content required by prevailing mercantile regulations.

- Analyzing the processes for gathering and validating the data included in the 2018 Non-Financial Statement.

- Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the NFS.

- Checking, through tests, based on a selection of a sample, the information related to the content of the 2018 NFS and its correct compilation from the data provided.

- Obtaining a representation letter from the Directors and Management.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter came to our attention that would lead us to believe that the 2018 NFS of the Group has not been prepared, in all material respects, in accordance with the content established in prevailing mercantile regulations and the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in the section: "Table of contents required under Law 11/2018 of December 28 on disclosure of non-financial and diversity information", included in the aforementioned Statement.

Use and distribution

This report has been prepared as required by prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

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Alberto Castilla Vida

April 1, 2019

Annual Corporate Governance Report

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

DETAILS OF ISSUER

Year Ended: 31/12/2018

Tax Registration Number: A47412333

Name:

EBRO FOODS, S.A.

Registered Office:

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

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	% voting rights attributed to the shares		% voting rights through financial instruments		Interest / total voting rights (%)
	Direct	Indirect	Direct	Indirect	
SOCIEDAD ANÓNIMA DAMM	0.00	11.69	0.00	0.00	11.69
CORPORACIÓN ECONÓMICA DELTA, S.A.	11.69	0.00	0.00	0.00	11.69
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0.00	10.36	0.00	0.00	10.36

Details of indirect holdings:

Name of indirect holder	Name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	Interest / total voting rights (%)
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DELTA, S.A.	11.69	0.00	11.69
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	10.36	0.00	10.36

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

Principal movements
In October 2018 the interest held by José Ignacio Comenge Sánchez-Real exceeded the 3% threshold.

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

Name of director	% voting rights attributed to shares		% voting rights through financial instruments		% total voting rights	% voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
BELÉN BARREIRO PÉREZ- PARDO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEMETRIO CARCELLER ARCE	0.00	0.10	0.00	0.00	0.10	0.00	0.00
ANTONIO HERNÁNDEZ CALLEJAS	0.00	0.11	0.00	0.00	0.11	0.00	0.00
PEDRO ANTONIO ZORRERO CAMAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FERNANDO CASTELLÓ CLEMENTE	1.50	0.00	0.00	0.00	1.50	0.00	0.00
MARÍA CARCELLER ARCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MERCEDES COSTA GARCÍA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	0.00	3.64	0.00	0.00	3.64	0.00	0.00
CORPORACIÓN FINANCIERA ALBA, S.A.	14.00	0.00	0.00	0.00	14.00	0.00	0.00
ALIMENTOS Y ACEITES, S.A.	10.36	0.00	0.00	0.00	10.36	0.00	0.00
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	7.83	0.00	0.00	0.00	7.83	0.00	0.00
GRUPO TRADIFÍN, S.L.	7.96	0.00	0.00	0.00	7.96	5.28	0.00
HERCALIANZ INVESTING GROUP, S.L.	7.96	0.00	0.00	0.00	7.96	3.02	0.00

Total % of voting rights held by board members	53.37

Details of indirect holdings:

Name of director	Name of direct holder	% voting rights attributed to shares	% voting rights through financial instruments	% total voting rights	% voting rights that may be transferred through financial instruments
ANTONIO HERNÁNDEZ CALLEJAS	ANTONIO HERNÁNDEZ GONZÁLEZ	0.05	0.00	0.05	0.00
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	0.06	0.00	0.06	0.00
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	3.64	0.00	3.64	0.00
DEMETRIO CARCELLER ARCE	INVERSIONES LAS PARRAS DE CASTELLOTE, S.L.	0.10	0.00	0.10	0.00

A.4. Indicate family, commercial, contractual or corporate relationships among significant shareholders known to the company, if any, save any that are insignificant or deriving from ordinary commercial business, except those reported in A.6:

Name of related party	Type of relationship	Brief description
SOCIEDAD ANÓNIMA DAMM, CORPORACIÓN ECONÓMICA DELTA, S.A.	Corporate	Sociedad Anónima Damm holds a direct interest of 99.99% in Corporación Económica Delta, S.A.
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES, ALIMENTOS Y ACEITES, S.A.	Corporate	Sociedad Estatal de Participaciones Industriales 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 party	Type of relationship	Brief description
SOCIEDAD ANÓNIMA DAMM	Commercial	During 2018, Herba Ricemills, S.L.U. (a subsidiary of the Ebro Foods Group) sold rice and rice by-products on arm’s length terms to Estrella de Levante, S.A. and Cía Cervecera Damm, S.A. (subsidiaries of the significant shareholder Sociedad Anónima Damm). See in this respect the information on related party transactions in section D.2 of this Report.

Name of related party	Type of relationship	Brief description
GRUPO TRADIFÍN, S.L.	Commercial	During 2018, the significant shareholder and director Grupo Tradifín, S.L., through its associates, made several commercial transactions (mainly purchases and sales of rice) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions in section D.3 of this Report.
GRUPO TRADIFÍN, S.L.	Contractual	During 2018, the significant shareholder and director Grupo Tradifín, S.L., through its associates, made several contractual transactions (mainly services rendered and received) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions in section D.3 of this Report.
HERCALIANZ INVESTING GROUP, S.L.	Commercial	During 2018, the significant shareholder and director Grupo Hercalianz Investing Group, S.L., through its associates, made several commercial transactions (mainly purchases and sales of rice) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions in section D.3 of this Report.
HERCALIANZ INVESTING GROUP, S.L.	Contractual	During 2018, the significant shareholder and director Grupo Hercalianz Investing Group, S.L., through its associates, made several contractual transactions (mainly services rendered and received) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions in section D.3 of this Report.

A.6. Describe the relationships, save any that are insignificant for both parties, between the significant shareholders or those represented on the board and the directors, or their representatives in the case of corporate directors.

Explain how the significant shareholders are represented, where appropriate. Indicate specifically any directors appointed on behalf of significant shareholders, those whose appointments have been promoted by significant shareholders or who are related to significant shareholders and/or companies in their respective groups, specifying the nature of those relationships. In particular, indicate the existence, identity and office of board members or representatives of directors of the listed company, if any, who are also directors or representatives of directors in companies holding significant interests in the listed company or in companies of its group:

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	The Director Corporación Financiera Alba, S.A. is a significant shareholder of Ebro Foods, S.A. Its representative on the Board of Directors, Javier Fernández Alonso, is also a Director of Inversiones de Corporación Financiera Alba, S.A.
GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	The Director Grupo Tradifín, S.L. is a significant shareholder of Ebro Foods, S.A. Its representative on the Board of Directors, Blanca Hernández Rodríguez, is Managing Director of Grupo Tradifín, S.L.
HERCALIANZ INVESTING GROUP, S.L.	HERCALIANZ INVESTING GROUP, S.L.	HERCALIANZ INVESTING GROUP, S.L.	The Director Hercalianz Investing Group, S.L. is a significant shareholder of Ebro Foods, S.A. Its representative on the Board of Directors, Félix Hernández Callejas, is Joint and Several Director of Hercalianz Investing Group, S.L.
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	The Director Empresas Comerciales e Industriales Valencianas, S.L. is a significant shareholder of Ebro Foods, S.A. Its representative on the Board of Directors, Javier Gómez-Trenor Vergés, is Chairman of the Board of Directors of Empresas Comerciales e Industriales Valencianas, S.L.

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
ALIMENTOS Y ACEITES, S.A.	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	The Director Alimentos y Aceites, S.A. is a significant shareholder of Ebro Foods, S.A. and Sociedad Estatal de Participaciones Industriales has a direct interest of 91.9625% in its capital. Its representative on the Board of Directors, Concepción Ordíz Fuertes, is Company Secretary, Secretary of the Board and Legal Counsel of Sociedad Estatal de Participaciones Industriales.
DEMETRIO CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	SOCIEDAD ANÓNIMA DAMM	The Director Demetrio Carceller Arce was appointed at the proposal of the significant shareholder Corporación Económica Delta, S.A., in which Sociedad Anónima Damm has a direct interest of 99.998%. Demetrio Carceller Arce is Executive Chairman on the Board of Directors of Sociedad Anónima Damm and Corporación Económica Delta, S.A.
MARÍA CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	SOCIEDAD ANÓNIMA DAMM	The Director María Carceller Arce was appointed at the proposal of the significant shareholder Corporación Económica Delta, S.A., in which Sociedad Anónima Damm has a direct interest of 99.998%. María Carceller Arce is the representative of the Director Seegrund BV on the Board of Directors of Sociedad Anónima Damm and Corporación Económica Delta, S.A.

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	The Director José Ignacio Comenge Sánchez-Real is a significant shareholder of Ebro Foods, S.A., directly and indirectly through La Fuente Salada, S.L., of which he is the Sole Director. Mr Comenge Sánchez Real is the direct holder of 100% of the capital of Mendibea 2002, S.L. and Sole Director of that company, which in turn directly holds 100% of the capital of La Fuente Salada, S.L.

- Antonio Hernández Callejas has a direct interest of 33.333% in Hercalianz Investing Group, S.L. and, consequently, an indirect interest in Ebro Foods, S.A. through the direct interest of 7.96% that Hercalianz Investing Group, S.L. holds in Ebro Foods, S.A. Antonio Hernández Callejas does not hold any office in that company.

- Félix Hernández Callejas, representative of Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A., has a direct interest of 33.333% in Hercalianz Investing Group, S.L. and, consequently, an indirect interest in Ebro Foods, S.A. through the direct interest of 7.96% that Hercalianz Investing Group, S.L. holds in Ebro Foods, S.A.

- Blanca Hernández Rodríguez, representative of Grupo Tradifín, S.L. on the Board of Directors of Ebro Foods, S.A., has a direct interest of 33.25% in Grupo Tradifín, S.L. and, consequently, an indirect interest in Ebro Foods, S.A. through the direct interest of 7.96% that Grupo Tradifín, S.L. holds in Ebro Foods, 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, consequently, an indirect interest in Ebro Foods, S.A. through the direct interest of 7.83% that Empresas Comerciales e Industriales Valencianas, S.L. holds in Ebro Foods, S.A.

- Demetrio Carceller Arce has a 0.875% interest in Sociedad Anónima Damm and, consequently, an indirect interest in Ebro Foods, S.A. through the indirect interest of 11.69% held by that company, through Corporación Económica Delta, S.A., in Ebro Foods, S.A.

- María Carceller Arce has a 0.05% interest in Sociedad Anónima Damm and, consequently, an indirect interest in Ebro Foods, S.A. through the indirect interest of 11.69% held by that company, through Corporación Económica Delta, S.A., in Ebro Foods, S.A.

A.7. 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.8. Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of section 5 of the Securities Market Act and identify it/them if appropriate:

[ ] Yes
[√] No

A.9. Complete the following tables on the company's treasury stock:

At year-end:

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

(*) Through:

Name of direct holder of the interest	Number of direct shares
No details	

A.10. Indicate the term and conditions of the authorisation granted by the general meeting to the board to issue, 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 their 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 of Directors 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 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 of Directors 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 of Directors 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 of Directors 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.

A.11. Estimated free float:

	%
Estimated free float	34.94

A.12. Indicate any constraints (statutory, legal or other) 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, and any authorisations or prior notifications of acquisitions or transfers of the company's financial instruments required by sector laws and regulations.

[ ] Yes
[√] No

A.13. Indicate whether the general meeting has resolved to apply the breakthrough rule against a takeover bid, under Act 6/2007.

[ ] Yes
[√] No

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

A.14. 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

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.

Ebro Foods, S.A. has not established any 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 two previous years:

	Details of attendance				
Date of general meeting	% in person	% by proxy	% distance voting		Total
			Electronic vote	Others	
01/06/2016	17.73	55.85	0.00	2.21	75.79
Of which free float	0.27	16.06	0.00	2.21	18.54
01/06/2017	20.68	44.90	0.00	11.87	77.45
Of which free float	0.27	15.56	0.00	1.51	17.34
05/06/2018	39.94	27.94	0.00	11.16	79.04
Of which free float	0.19	15.91	0.00	0.80	16.90

B.5. State whether there have been any items on the agenda for the general meetings held during the year that was not approved by the shareholders for any reason:

[ ] Yes
[√] No

B.6. Are any restrictions established in the articles of association requiring a minimum number of shares to attend general meetings or for distance voting?

[ ] Yes
[√] No

B.7. State whether certain decisions other than those established by law, involving an acquisition, disposal, transfer of essential assets to another company or other similar corporate operations must be laid before the general meeting of shareholders for approval:

[ ] Yes
[√] No

B.8. 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) 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-2018/. There is also a direct link to the General Meeting of this year from the home page (http://www.ebrofoods.es).

The Corporate Governance section 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 and the number set by the general meeting:

Maximum number of directors	15
Minimum number of directors	7
Number of directors set by general meeting	13

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
ANTONIO HERNÁNDEZ CALLEJAS		Executive	CHAIRMAN	24/01/2002	05/06/2018	RESOLUTION PASSED AT AGM
DEMETRIO CARCELLER ARCE		Proprietary	VICE-CHAIRMAN	01/06/2010	05/06/2018	RESOLUTION PASSED AT AGM
ALIMENTOS Y ACEITES, S.A.	CONCEPCIÓN ORDIZ FUERTES	Proprietary	DIRECTOR	23/07/2004	05/06/2018	RESOLUTION PASSED AT AGM
BELÉN BARREIRO PÉREZ-PARDO		Independent	DIRECTOR	25/01/2017	01/06/2017	RESOLUTION PASSED AT AGM
MARÍA CARCELLER ARCE		Proprietary	DIRECTOR	21/03/2018	05/06/2018	RESOLUTION PASSED AT AGM
FERNANDO CASTELLÓ CLEMENTE		Independent	DIRECTOR	29/05/2012	05/06/2018	RESOLUTION PASSED AT AGM

Name of director	Representative	Category of director	Position on Board	Date first appointment	Date latest appointment	Election procedure
JOSE IGNACIO COMENGE SÁNCHEZ- REAL		Proprietary	DIRECTOR	29/05/2012	05/06/2018	RESOLUTION PASSED AT AGM
CORPORACIÓN FINANCIERA ALBA, S.A.	JAVIER FERNÁNDEZ ALONSO	Proprietary	DIRECTOR	31/01/2018	05/06/2018	RESOLUTION PASSED AT AGM
MERCEDES COSTA GARCÍA		Independent	LEAD INDEPENDENT DIRECTOR	27/07/2016	01/06/2017	RESOLUTION PASSED AT AGM
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	JAVIER GÓMEZ-TRENOR VERGÉS	Proprietary	DIRECTOR	18/12/2013	05/06/2018	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.L.	FÉLIX HERNÁNDEZ CALLEJAS	Executive	DIRECTOR	21/12/2016	01/06/2017	RESOLUTION PASSED AT AGM
PEDRO ANTONIO ZORRERO CAMAS		Independent	DIRECTOR	13/12/2018	13/12/2018	RESOLUTION PASSED BY BOARD

Total number of directors	13

Indicate any retirements from the board during the reporting period, through resignation, removal or whatsoever other circumstance:

Name of director	Category of director at time of retirement	Date of last appointment	Date of retirement	Specialist committees of which the director was a member	State whether retirement occurred before end of term of office
JAVIER FERNÁNDEZ ALONSO	Proprietary	01/06/2017	31/01/2018	Executive Committee and Strategy and Investment Committee	Yes
CORPORACIÓN ECONÓMICA DELTA, S.A.	Proprietary	28/06/2017	21/03/2018	None	Yes

Cause of retirement and other comments

- Javier Fernández Alonso, Proprietary Director appointed at the proposal of the significant shareholder Corporación Financiera Alba, S.A., retired at the decision of the significant shareholder, which took office as Director represented by Mr Fernández Alonso.

- Corporación Económica Delta, S.A., Proprietary Director in its capacity as significant shareholder, retired at its own decision, to be replaced in office by María Carceller Arce, who had theretofore represented this Director on the Board and took up the office in her own name.

C.1.3 Complete the following tables with the details and types of the board members:

EXECUTIVE DIRECTORS		
Name of director	Position in company's organisation	Profile
ANTONIO HERNÁNDEZ CALLEJAS	Chairman	Antonio Hernández Callejas was born in Tudela (Navarre). He has a degree in Economics from the University of Seville and a diploma in Law. He began his career in 1979 in Arrocerías Herba, a rice producer founded by the Hernández family. In 2002 he was appointed Director, Vice-Chairman and member of the Executive Committee of Ebro Foods, S.A. and since then he has been a key figure in Ebro's transformation and international expansion. In 2004 he was appointed CEO of the Company and in 2005 he became Executive Chairman of the Ebro Group. Under his leadership, the Ebro Group has become number one in the rice sector and second world producer of pasta, operating in more than 70 countries in Europe, America, Africa and Asia, with a portfolio of over 80 brands. Over the course of his professional career, he has received numerous prizes and awards, such as the "Dinero" Business Awards for the best business management, Knight of the National Order of Merit of the Republic of France, Prize awarded by the Social Council of the University of Seville and the Seville Business Confederation (CES) for his Outstanding Business Career and the Gold Medal of the city of Seville. He speaks English, French and Italian.
HERCALIANZ INVESTING GROUP, S.L.	Member	Félix Hernández Callejas (representative of the Director Hercalianz Investing Group, S.L.) was born in Tudela (Navarre). He has a Law degree and extensive experience in the rice and food industry in general. He has held several executive positions and directorships in different rice companies and is currently director of several companies in the Ebro Group.

Total number of executive directors	2
% of board	15.38

With regard to the classification of Hercalianz Investing Group, S.L. as Executive Director, this Director:

(i) does not perform executive or management duties in Ebro Foods, S.A. or in any Group subsidiary, so receives no remuneration as such;

(ii) has been classified as Executive Director on the grounds that its representative on the Board of Directors of Ebro Foods, S.A. is an executive of a Group subsidiary;

(iii) holds office as a Director because it is a significant shareholder of the Company, with an interest of 7.961%. Hercalianz Investing Group, S.L. would continue to be a Director of Ebro Foods, S.A. as long as it is a significant shareholder, regardless of who is its representative and the executive position that said representative may have within the Group.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
DEMETRIO CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	Demetrio Carceller Arce was born in Madrid. He has a degree in Business Studies from CUNEF and a Master's in Business Administration from the University of Duke (North Carolina). He is Executive Chairman of Sociedad Anónima Damm, Chairman of Corporación Económica Delta, S.A. and Fundación Damm, Chairman of DICSA Corporación Petrolífera and Vice-Chairman and member of the Executive Committee of Sacyr, S.A.
MARÍA CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	María Carceller Arce was born in Madrid. She has a degree in Business Studies from the European Business School, specialising in marketing and international business, and has a postgraduate degree from IESE (Management Development Programme PDD-C). She has over 20 years' experience in national and international companies in the food and drink sector. She has been on the Food and Drink Advisory Board of the IESE Business School since 2001 and Managing Director of Grupo Rodilla since 2012. Before joining the Grupo Rodilla, she held different management positions in Pepsico and McDonald's, receiving the President Award, among others. She had previously been Manager of the Commercial and Marketing areas in different prestigious companies in the sector, such as Yoplait and Bodegas y Bebidas, S.A. She is bilingual Spanish-German and also speaks English.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	JOSE IGNACIO COMENGE SÁNCHEZ-REAL	José Ignacio Comenge Sánchez-Real was born in San Sebastián. He is an Economist and graduate in International Banking. He has a lengthy track record in business management and administration, in companies operating in different areas of the Spanish economy, including the financial, insurance, beverages and renewable energy sectors. He has been an executive and director in different financial and insurance entities, such as Banco Hispano Americano, Mutua Madrileña and Axa Winterthur, among others. He is Chairman of Ball Beverage Packaging Iberica S.L. and Arbitraje&Inversiones S.L. and Director of ENCE Energía y Celulosa, S.A., CVNE, S.A. (Compañía Vinícola Nacional de España), Olive Partners, S.A., Barbosa&Almeida, S.A. Grupo Apex (Aperitivos y Extrusionados, S.A.U.) and Coca-Cola European Partners.
CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	Javier Fernández Alonso (representative of the Director Corporación Financiera Alba, S.A.) was born in Bilbao. He has a degree in Business Management and Administration from Deusto University (La Comercial), specialising in Finance and graduating Cum Laude. With extensive experience in business management and administration, he is Investment Manager in Corporación Financiera Alba, S.A. He is also on the Board of Directors of Euskaltel, S.A., Parques Reunidos Servicios Centrales, S.A., Rioja Bidco Shareholding S.L., Artá Capital S.G.E.I.C., S.A. y Deyá Capital IV S.C.R., S.A. and on the Investment Committee of Artá Capital, among other responsibilities. His teaching experience includes lecturing on Advance Valuation in the MBA Deusto, Bilbao; finance lecturer at Deusto Business School on the Bancomer Summer Course on Financial Development, Management and Innovation, in Madrid; and lecturer on Corporate Finance in the preparatory course for the Certified International Investment Analyst (CIIA) examination organised by the Foundation of Financial Studies (Bolsa de Bilbao). He speaks English.
ALIMENTOS Y ACEITES, S.A.	ALIMENTOS Y ACEITES, S.A.	Concepción Ordiz Fuertes (representative of the Director Alimentos y Aceites, S.A.) was born in Oviedo (Asturias). She has a Law degree from the University of Oviedo (Miguel Traviesas Prize for the best academic record in Private Law 1987-1992) and a Master of Advanced Studies (MAS) from the Complutense University of Madrid, Dept. of Financial and Tax Law (2005). She is a State Attorney with extensive professional experience in different legal, consultancy and litigation services of the State Administration and courts. Among other activities, she was formerly a member of the General Codification Commission for the Reform of Bankruptcy Law (July 2009) and was adviser to the Ministry of Justice in the reform of Regulation (EC) 1346/2000. She is a speaker and habitual collaborator for courses run by public institutions and has published several books on legal issues. In 2010, she was awarded the San Raimundo de Peñafort Cross of Honour. She is currently Company Secretary, Secretary of the Board and Legal Counsel in Sociedad Estatal de Participaciones Industriales (SEPI). She speaks English and French.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	Javier Gómez-Trenor Vergés (representative of the Director Empresas Comerciales e Industriales Valencianas, S.L.) was born in Barcelona. He has a degree in Economics and Business Studies from the University of Valencia. With ample experience in the business sector, he has held executive and director positions in several companies in the beverages, agriculture, livestock and concentrated juice sectors. At present, he is Chairman of the Board of Empresas Comerciales e Industriales Valencianas, S.L., Director of Olive Partners S.A. and administrator of several companies engaged in financial investment, real estate and agriculture.
GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	Blanca Hernández Rodríguez (representative of the Director Grupo Tradifín, S.L.) was born in Seville. She has a degree in Economics and Business Studies from the University of Seville, a degree in Humanities from the European University of Madrid and a Master of Finance from CUNEF. She has extensive experience in the financial sector and currently chairs the Ebro Foods Foundation.

Total number of proprietary directors	7
% of board	53.85

José Ignacio Comenge Sánchez-Real was classified as an Independent Director until his interest in the capital of Ebro Foods, S.A. reached 3% in October 2018, whereupon he lost his status as Independent Director and was reclassified as a Proprietary Director.

See the change in classification of Mr Comenge Sánchez-Real indicated at the end of this section C.1.3.

NON-EXECUTIVE INDEPENDENT DIRECTORS	
Name of director	Profile
BELÉN BARREIRO PÉREZ- PARDO	Belén Barreiro Pérez-Pardo was born in Madrid. She has a PhD in Political Science, Sociology and Social Anthropology from the Autonomous University of Madrid and a Master in Social Science from the Juan March Institute of Studies and Research. With over 20 years' experience, she is dedicated to the scientific analysis of society and counselling on public opinion research. She has published several books and academic articles and is a visiting lecturer for different university courses. She is on the Advisory Board of the Spanish Association of Foundations and Founder and Director of MyWord.
PEDRO ANTONIO ZORRERO CAMAS	Pedro Antonio Zorrero Camas was born in Seville. He graduated as Agricultural Engineer from the University of Almería, and as Technical Agricultural Engineer from the University of Seville. Civil servant in the regional government of Andalusia, as a specialist Agricultural Engineer. He has a lengthy track record within the public sector in the fields of audit, control and management of European funds and regional aids to agricultural and fisheries in the Autonomous Community of Andalusia. In the private sector, he has extensive experience in agricultural engineering, having designed several technical projects in the agricultural sector and having worked as engineering consultant and adviser at different farms to promote intensive farming and extensive stockbreeding.
FERNANDO CASTELLÓ CLEMENTE	Fernando Castelló Clemente was born in Mollerusa (Lleida). He is an Industrial Engineer and has an MBA from IESE. He was formerly a lecturer in the School of Engineers and Architects of Fribourg (Switzerland). He has held several important executive and management positions in companies operating in the dairy sector and in distribution in the food sector. He is on the Board of Directors of several companies operating in the alternative energy and construction sectors. He is currently Vice-Chairman of Merchpensión, S.A. and Director of Merchbanc, S.A.
MERCEDES COSTA GARCÍA	Mercedes Costa García was born in Lérida. She has a Law degree from the Central University of Barcelona and LL.M. from IE Law School. She has extensive professional experience as a commercial lawyer in the law firm of José Mario Armero, and as a lecturer and researcher of the entire negotiation process. She is currently Manager of the Negotiation and Mediation Centre and negotiation lecturer in the Master Programmes, Advanced Courses and Executive Education Programmes at IE Business School in Madrid, both on-site and online, Manager of the Negotiate Forum and member of the Good Governance Centre at IE Business School.

Total number of independent directors	4
% of board	30.77

State whether any director qualified as independent receives from the company or any other company in its 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.

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.

Name of director	Description of the relationship	Reasoned statement
No details		

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:			
Name of director	Reasons	Company, executive or shareholder with which it is related	Profile
No details			

Total number of other non-executive directors	N/A
% of board	N/A

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

Name of director	Date of change	Previous category	Current category
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	26/10/2018	Independent	Proprietary

See the comment regarding Proprietary Directors in this section C.1.3 regarding the change of category of José Ignacio Comenge Sánchez-Real.

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 (%)			
	2018	2017	2016	2015	2018	2017	2016	2015
Executive					0.00	0.00	0.00	0.00
Proprietary	3	3	2	2	42.86	50.00	33.33	28.57
Independent	2	2	1		50.00	50.00	25.00	0.00
Other non-executive					0.00	0.00	0.00	0.00
Total	5	5	3	2	38.46	41.67	23.08	16.67

Although the number of women on the Board of Directors remained unchanged in 2018 in respect of 2017 (5 women), the percentage women Proprietary Directors out of the total Directors in that category fell from 50% in 2017 to 42.86% in 2018. This was because the number of Proprietary Directors rose from 6 to 7 following the change in category of a Director from independent to proprietary as explained in section C.1.3 of this Report.

C.1.5 Indicate whether the company has diversity policies for the board of directors of the company regarding issues such as age, gender, disability, training and professional experience. In accordance with the definition set out in the Auditing Act, small and medium-sized enterprises must inform at least on the policy they have established with regard to gender diversity.

[ ] Yes
[ ] No
[√] Partial policies

If yes, describe those diversity policies, their goals the measures established, how they have been implemented and the results obtained during the year. Describe also the specific measures taken by the board of directors and the nomination and remuneration committee to achieve a balanced, diverse composition of directors.

If the company does not apply a diversity policy, explain why not.

Description of the policies, goals, measures and implementation and the results obtained

Ebro Foods, S.A. has implemented a Policy for Selection of Directors and Diversity in the Composition of the Board of Directors, the scope of which is extended to the appointment, ratification and re-election of Directors by the General Meeting of Shareholders and the appointments made directly by the Board of Directors. For candidate Directors who are legal persons, the principles and criteria of the Policy must be observed in respect of the individuals who are to represent them on the Board.

According to that Policy, all proposals for candidates must be based on a prior analysis of the needs of the Board, the results of which will be set out in the corresponding report by the Nomination and Remuneration Committee, to be published when calling the General Meeting at which the ratification, appointment or re-election of each director is to be submitted for approval.

The goals established in the Policy are:

- Avoid any implicit bias in the processes for selecting Directors that may imply discrimination against any of the candidates on any grounds whatsoever.

- Under equal conditions, opt for the candidate whose gender is least represented on the Board at that time.

- Favour diversity of expertise, professional experience and gender within the composition of the Board.

- Achieve a composition where the least represented gender on the Board accounts for at least thirty per cent of the total Board members by 2020. This target has already been met.

To achieve these goals set in the Policy, the Company has established the following measures to be applied in each appointment of Directors:

- prior analysis of the composition of the Board of Directors in aspects regarding the categories of Directors, presence of the least-represented gender, profile and professional experience of the Directors and capital represented on the Board of Directors;

- analysis of the legal, statutory and regulatory requirements applicable to both the classification of Director of the candidate and the procedure for their appointment;

- analysis of the experience, qualification and vocational training of the candidate and their availability for adequate performance of their duties;

- verification that the appointment of the candidate complies with the requirements of diversity, non-discrimination and equal treatment established in the Code of Conduct and the Directors Selection Policy.

Through its implementation of the Policy for Selection of Directors and Diversity in the Composition of the Board and correct monitoring of the measures described above, Ebro Foods, S.A.: (i) has a pluralistic, diverse Board of Directors in terms of gender, expertise, experience and professional profiles of its members and (ii) has reached in advance the goal set for 2020, whereby the gender least represented on the Board (women, in the case of Ebro Foods) accounts for at least thirty per cent of the total members of the Board of Directors.

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 so that a balance may be struck between male and female directors:

Explanation of the measures

Although the Nomination and Remuneration Committee has not adopted specific measures in this regard, in accordance with the gender diversity measures and the principles of non-discrimination and equal treatment applied by the Company when selecting candidate Directors, the Company will: (i) seek at all times a diversity of expertise, experience and gender in the composition of the Board; and (ii) under equal conditions, it will opt for the candidate whose gender is least represented on the Board at that time.

The main principle followed by the Company in this regard is that the selection procedure must avoid any implicit bias that might imply discrimination against any of the candidates on any grounds.

Furthermore, the aforesaid Policy for Selection of Directors and Diversity in the Composition of the Board expressly includes the target that by 2020 the gender least represented on the Board of Directors of the Company must account for at least 30% of the total Board members.

The Company has already met this target, as female directors currently represent 38.46% of the total thirteen Board members.

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 the measures

N/A

C.1.7 Explain the conclusions of the nomination committee on 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.

The Nomination and Remuneration Committee considers that the appointments of new Directors resolved in 2017 and 2018 both increase the number of Independent Directors, in keeping with the good governance recommendations, and conform to the principles of diversity, non-discrimination and equal treatment established in the Policy for Selection of Directors and Diversity in the Composition of the Board. 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.

The Nomination and Remuneration Committee also considers that the application of the Policy for Selection of Directors and Diversity in the Composition of the Board has been positive, because it has enabled the Company to meet early the target set for 2020, of women (the gender least represented on the Board of Directors) representing thirty per cent of the total Board members.

See sections C.1.5 and C.1.6 of this Report.

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

Name of shareholder	Justification
No details	

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 Indicate the powers delegated by the board to particular directors or committees, if any:

Name of director or committee	Brief description
ANTONIO HERNÁNDEZ CALLEJAS	Antonio Hernández Callejas has no powers delegated by the Board of Directors. Mr Hernández Callejas is a class A general attorney of the Company by virtue of the power of attorney granted in deed no. 4802, executed on 4 December 2014 before the notary Andrés Domínguez Nafría and entered in the Madrid Trade Register, volume 29950, folio 202, section 8, page M-272855. In addition, in accordance with the rules on investments and divestments, strategic expenditure and corporate operations approved by the Board of Directors at its meeting on 21 March 2001, the following actions by Antonio Hernández Callejas shall require prior authorisation from the Board of Directors or notification to the Executive Committee: a) for investments/divestments or strategic expenditure, if exercise of the powers entails the acquisition of economic obligations or commitments in excess of two million euros, a resolution must previously be adopted by the Board of Directors; and for less than two million euros but more than three hundred thousand euros, the Executive Committee must be notified; b) for corporate operations, a prior resolution of the Board of Directors is required if they are for more than two million euros, and the Executive Committee must be notified if they are for less than two million euros but more than three hundred thousand euros.
Executive Committee	The Board of Directors has delegated all its powers to the Executive Committee, save any, which may not legally be delegated. This notwithstanding, in accordance with the rules on investments and divestments, strategic expenditure and corporate operations approved by the Board of Directors at its meeting on 21 March 2001, the powers of the Executive Committee in these areas are internally limited to the sum of two million euros per investment/divestment, expenditure or corporate operation. See section C.2.1 of this Report for the duties attributed to this Committee in the Articles of Association and applicable regulations.

C.1.10 Name Board members, if any, who are also directors, representatives of directors or executives of other companies in the same group as the listed company:

Name of director	Name of group company	Position	With executive duties?
ANTONIO HERNÁNDEZ CALLEJAS	A.W. MELLISH, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARRROZ, S.A.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, CV	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	EURO RICE HANDLING, BVBA	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	EBRO FOODS, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	GEOVITA FUNCTIONAL INGREDIENTS, S.R.L	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA INGREDIENTS BELGIUM B, B.V.B.A	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PASTIFICIO LUCIO GAROFALO, S.P.A.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	T.A.G. NAHRUNGSMITTEL, GMBH	JOINT AND SEVERAL DIRECTOR	YES

Name of director	Name of group company	Position	With executive duties?
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	BERTAGNI 1882, S.P.A	DIRECTOR	YES

Antonio Hernández Callejas is a member of the Board of Trustees of the Ebro Foods Foundation. He is also a Director of the Italian company Riso Scotti, S.p.A., an associate outside the Ebro Foods Group, in which Ebro Foods, S.A. holds a 40% interest. This investment is consolidated by the equity method.

C.1.11 Name the company directors or representatives of corporate directors, if any, who are board members or representatives of corporate directors of non-group companies listed on official stock markets, insofar as the company has been notified:

Name of director	Name of listed company	Position
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	ENERGÍA Y CELULOSA, S.A. (ENCE)	REPRESENTATIVE OF DIRECTOR
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	PRIM, S.A.	REPRESENTATIVE OF DIRECTOR
CORPORACIÓN FINANCIERA ALBA, S.A.	EUSKALTEL, S.A.	DIRECTOR
JAVIER FERNÁNDEZ ALONSO	EUSKALTEL, S.A.	REPRESENTATIVE OF DIRECTOR
JAVIER FERNÁNDEZ ALONSO	PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	SACYR, S.A.	VICE-CHAIRMAN

The following notes are added in respect of the information set out in this section:

- José Ignacio Comenge Sánchez-Real represents the Director La Fuente Salada, S.A. (a company controlled by Mr Comenge) on the Board of Directors of Energía y Celulosa, S.A. and Prim, S.A.

- Javier Fernández Alonso represents the Director Corporación Financiera Alba, S.A. on the Board of Directors of Euskaltel, S.A.

C.1.12 Indicate and, where appropriate, explain whether the company has established rules on the maximum number of directorships its directors may hold, if so, indicating where those rules can be found:

[√] Yes
[ ] No

Explanation of the rules and identification of the document in which they are regulated

Article 32.2 of the Regulations of the Board establishes, among the "General Duties of Directors", that the Directors shall dedicate such time and attention to the Company 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.1.13 Indicate the amounts of the following items in the overall remuneration of the board:

Remuneration of the board (thousand euros)	5,054
Amount of the vested rights of current directors in pension schemes (thousand euros)	
Amount of the vested rights of former directors in pension schemes (thousand euros)	

The Directors' remuneration indicated in this section C.1.13 includes the attendance fees received by the Chairman of the Board of Ebro Foods, S.A., Antonio Hernández Callejas, as Director of the Group subsidiary, Pastificio Lucio Garofalo, S.p.A., 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. in attendance fees as Director of that company.

C.1.14 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(s)
PABLO ALBENDEA SOLÍS	CHIEF OPERATING OFFICER (COO)
LUIS PEÑA PAZOS	SECRETARY OF THE COMPANY AND BOARD
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY OF THE BOARD
ALFONSO FUERTES BARRO	FINANCE MANAGER
JESÚS DE ZABALA BAZÁN	INTERNAL AUDIT MANAGER
GABRIEL SOLÍS PABLOS	TAX MANAGER
LEONARDO ÁLVAREZ ARIAS	I.T. MANAGER
ANA MARÍA ANTEQUERA PARDO	COMMUNICATIONS AND CSR MANAGER
MANUEL GONZÁLEZ DE LUNA	INVESTOR RELATIONS AND FINANCIAL INSTITUTIONS MANAGER
GLORIA RODRÍGUEZ PATA	CORPORATE ASSETS MANAGER
Total remuneration top management (thousand euro)	2,050

The company executives named in this section C.1.14 include the Chief Operating Officer (COO), the highest-ranking executive of the Ebro Foods Group after the Executive Chairman, and the heads of the principal departments of Ebro Foods, S.A. even if they do not have a senior management employment relationship with the company.

C.1.15 State whether any modifications have been made during the year to the Regulations of the Board:

[ ] Yes
[√] No

C.1.16 Describe the procedures for selection, appointment, re-election 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 and removal of the Directors are regulated in the Articles of Association and the Regulations of the Board.

There is also a Policy for Selection of Directors and Diversity in the Composition of the Board of Directors, 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. For candidates who are legal persons, the principles and criteria of the Policy must also be observed in respect of the individuals representing them on the Board.

A. Procedure for selection, appointment and re-election of Directors

Procedures for selecting Directors shall be designed to favour diversity of expertise, professional experience and gender within the Board, avoiding any implicit bias that may imply discrimination against any of the candidates on any grounds. Under equal conditions, the Company will opt for the candidate whose gender is least represented on the Board at that time.

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 proposals for the appointment or re-election of Directors made by the Board of Directors, or by the Nomination and Remuneration Committee in appointments or re-elections of Independent Directors, must be based on a prior analysis of the needs of the Board, the results of which will be set out in the corresponding report by the Nomination and Remuneration Committee, to be published when calling the General Meeting at which the ratification, appointment or re-election of each director is to be submitted for approval.

B. Procedure for removal of Directors

The removal of Directors is regulated in Article 31 of the Regulations of the Board. See section C.1.19 of this Report in this respect.

Without prejudice to the initiative of the Board regarding the inclusion of its members, the General Meeting has sovereign power to resolve on the removal of Directors.

The Nomination and Remuneration Committee is competent to study, issue reports and prepare proposals for the removal of Directors of Ebro Foods, S.A.

Following a report by the Nomination and Remuneration Committee, the Board of Directors shall table a motion at the General Meeting of Shareholders for removal of the Director in question if the Director in question fails to resign in the circumstances contemplated in Article 31 of the Regulations of the Board.

If a Director retires from office before the end of their term, through resignation or on whatsoever other grounds, they shall explain the reasons to the other Board members and the Company shall state those reasons in the Annual Corporate Governance Report, as well as reporting the cessation in a regulatory announcement.

If a Director opts to resign following adoption by the Board of decisions on issues on which that Director has expressed qualifications or reservations in the sense contemplated in Article 32.5 below ("…/…whenever they consider that some of the decisions proposed to the Board may go against the corporate interests and/or those of the shareholders not represented on the Board."), they shall explain the reasons as per the preceding paragraph.

The measures described in the preceding two paragraphs shall also be applicable to the Secretary of the Board, regardless of whether the secretary is a director.

C.1.17 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 changes
After completion in 2018 of the 2017 annual assessment of the Board, Committees and Chairman, made with assistance from an independent external adviser, the Company took the following measures, although it should be noted that none of them has given rise to any major changes in the Company's internal organisation or the procedures applicable to its activities: 1. Bring forward the times of Board meetings, at least when the agenda includes especially complex or important issues or matters which may, for any other reason, require a greater, more thorough debate among the Directors. 2. Schedule longer meetings of the Audit and Compliance Committee, at least when the agenda includes issues which are especially complex, require the participation of third parties or for any other reason, making a greater participation by Committee members foreseeable, with requests for explanations or greater detail in the reports and debates. In especially important cases, the Committee may meet one or two days before the date scheduled for the Board meeting, in order to debate at greater length and in greater depth, with extra time for reflection after the meeting. This will in turn allow better preparation of the business to be transacted and the conclusions, reports and proposals that the Committee is to submit to the Board of Directors. 3. Include meetings of the Strategy and Investment Committee in the annual calendar of meetings. These meetings should coincide, where necessary, with the meetings of the Executive Committee, every two or three months, both to prepare and define strategic plans and to follow up and monitor them. The report on business discussed at meetings of the Strategy and Investment Committee should be included as an item on the ordinary agenda for Board meetings.

Describe the process of assessment and the areas assessed by the board, assisted where necessary by an external consultant, on the performance and composition of the board and its committees and any other area or aspect that has been assessed.

Description of assessment process and areas assessed

A. Self-assessment process:

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 following methods were used during the last assessment procedure made by the Company (assisted by an independent external adviser) during 2018, in respect of 2017:

- The Board members completed a questionnaire previously approved by the Nomination and Remuneration Committee with a number of questions in which they rated certain aspects regarding the composition, 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.

- The replies to the questionnaires were kept by the Secretary and the external adviser who made the assessment. Both guaranteed confidentiality.

- In the light of the preliminary conclusions drawn from the answers and comments expressed by the Directors in those questionnaires, the external adviser conducted an interview with the Lead Independent Director at that time, José Ignacio Comenge Sánchez-Real, to discuss and qualify the results and obtain from the latter any aspects or matters that the Non-Executive Directors had mentioned to him in the contacts he had had with them.

- The independent external adviser issued an assessment report with all the information collected, and a proposed plan for improvement based on the conclusions of the report.

- The final assessment report and proposed plan for improvement were presented to the Board of Directors, once they had been checked and evaluated by the Nomination and Remuneration Committee.

C. Areas assessed:

- Composition of the Board and actions by the Directors: assessment on diversity, powers, 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 at Board meetings (segmented by subject matters) and the powers of the Board.

- Chairman of the Board: assessment of 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.

C.1.18 In any years in which an external consultant was called in to assist with assessment, describe any business relations between the consultant or any company in its group with the company or any other company in its group.

During 2018, the external consultant provided personnel selection services for various subsidiaries of the Ebro Foods Group, for a charge of 50 thousand euros.

C.1.19 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:

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

[ ] Yes
[√] No

If yes, describe the differences.

C.1.21 Are there any specific requirements, other than those established for directors, to be appointed chairman of the board?

[ ] Yes
[√] No

C.1.22 Do the Articles of Association or Regulations of the Board establish an age limit for directors?

[ ] Yes
[√] No

C.1.23 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.1.24 Do the Articles of Association or Regulations of the Board establish specific rules for the delegation of votes to other directors at board meetings, how they are to be delegated and, in particular, the maximum number of proxies 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, nor is there any constraint on the categories to which proxies may be granted.

C.1.25 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

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	0

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

Number of meetings of the Audit and Compliance Committee	8
Number of meetings of the Strategy and Investment Committee	3
Number of meetings of the Nomination and Remuneration Committee	11
Number of meetings of the Executive Committee	6

No issue was raised at the last meeting held on 17 December 2017 between the former Lead Independent Director and the Non-Executive Directors that required or recommended the holding of a further meeting in the first few months of 2018. Therefore, it was planned to hold the next meeting in the second half of 2018, unless anything were to arise in the meantime making it advisable to bring it forward.

That meeting finally did not take place owing to the appointment of Mercedes Costa García as new Lead Independent Director in November 2018, when her predecessor lost his status as Independent Director (see section C.1.3 of this Report). The new Lead Independent Director is expected to hold a formal meeting with the non-executive directors in the first half of 2019, once she has completed the logical adaptation process required by her appointment. This notwithstanding, she has informed the other Non-Executive Directors that she is prepared to discuss any business they may deem fit within her remit.

C.1.26 State the number of meetings held by the Board during the period attended by all its members:

Number of meetings attended by at least 80% of the directors	9
Attendance / total votes during the year (%)	91.72
Number of meetings attended by all the directors, in person or by proxies made with specific voting instructions	11
Votes cast with attendance in person or by proxies with specific instructions / total votes during the year (%)	100.00

In connection with the information provided in this section, it should be borne in mind that there were 12 Board members up to 13 December 2018 and 13 after that date.

C.1.27 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.1.28 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.

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 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.1.29 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.1.30 Describe the specific mechanisms established by the company to preserve the independence of the external auditors, if any; the mechanisms to preserve the independence of financial analysts, investment banks and rating agencies; and how the legal provisions are implemented.

A. With regard to the external auditors:

Both the Articles of Association and the Regulations of the Board 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:

- 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.

- 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.

In accordance with the foregoing and through the Audit and Compliance Committee, the Company keeps a strict, constant watch for any circumstances that might affect the independence of the external auditors. Accordingly:

(i) The Audit and Compliance Committee issues an annual report on the independence of the external auditors, once the latter have provided the necessary information. That report is submitted to the Board of Directors and made available to shareholders as from the call to the General Meeting.

(ii) Constantly throughout the year, the Commission receives timely notification of any potential engagement of the external auditors to provide services in addition to auditing the annual accounts. In this regard, in February 2017 the Audit and Compliance Committee established a protocol (the "Protocol") for the notification, review and, if appropriate, authorisation of the potential contracting of the external auditors by any company in the Group for non-audit services. The protocol covers the "pre-approval" required for the events contemplated in Article 5(3) of Regulation EU 537/2014 and any other potential service.

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.

In accordance with the aforesaid Policy, the Investor Relations Department shall make sure that any information to be issued to the market, analysts or third parties is: (i) previously checked by the Audit and Compliance Committee and, where appropriate, approved by the Board of Directors; and (ii) always the same.

The Investor Relations Department ensures equal treatment (from the point of view of access to information) of all third parties, assisting those who so request in a professional manner so that those third parties can make such valuations and considerations as they may deem fit independently and according to their own criteria.

C.1.31 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:

[ ] Yes
[√] No

C.1.32 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 companies	Total
Charge for non-audit work (thousand euros)	268	214	482
Charge for non-audit work / Total amount invoiced by auditors (%)	50.33	11.35	19.93

C.1.33 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.1.34 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:

	Separate	Consolidated
Number of years in succession	5	5

	Separate	Consolidated
Number of years audited by current auditors / Number of years that the company has been audited (%)	17.90	17.90

C.1.35 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

According to the obligations and duties assigned by law, the Articles of Association and the Regulations of the Board, the Secretary of the Board is responsible for channelling the relations between the Company and the Directors in all matters concerning the procedures of the Board of Directors and the Board Committees in which he participates, following instructions received from the respective Chairman, and for implement and foster exercise by the Directors of their right to information (Article 15.2(c) and (d) of the Regulations of the Board).

At each year-end, the Secretary of the Board sends all the Directors an annual calendar of meetings previously agreed among all the Directors, setting the dates and times of the meetings of the Board of Directors, Committees, General Meetings and meetings with analysts for the following year. That calendar is also sent to the different professionals of the Company involved in preparing the documentation and information for the Directors for each meeting, to enable them to plan their work and make sure that the corresponding information and documentation are prepared sufficiently before each meeting.

When the documentation for each meeting is complete, it is sent to the Secretary of the Board, who sends it to the Directors, if possible together with the notice of call to the meeting, or in highly justified cases, as soon as possible after sending the notice of call.

Finally, the opinions expressed by the Directors on the matter in the latest performance assessment of the Board of Directors, Chairman and Committees were as follows:

- Regarding the time prior to Board meetings that Directors receive the corresponding information: 58% of the Directors consider that time “Very adequate”, 42% “Adequate” and 0% “Inadequate”.

- Regarding the quality and quantity of the information distributed for monitoring of the Company’s and Group’s activities: 83% of the Directors consider it “Very adequate”, 17% “Adequate” and 0% “Inadequate”.

C.1.36 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

Under the Regulations of the Board, Directors must step down and tender their resignations, among other cases, if the Board, in view of a report by the Nomination and Remuneration Committee, considers that a Director has seriously defaulted his obligations or that for reasons of corporate interest, which include any event in which a Director may have brought the Company into disrepute (Article 31.2.c).

The Regulations further stipulate that if a Director fails to tender his resignation when so obliged, the Board of Directors shall, subject to a report by the Nomination and Remuneration Committee, tender a motion to the General Meeting of Shareholders for his removal (Article 31.4).

C.1.37 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

C.1.38 Describe any significant agreements entered into by the company that enter into force or 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 universal 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.1.39 Indicate individually for directors and globally in other cases, and describe in detail any agreements made between the company and its directors, executives or employees contemplating golden handshake clauses or any other indemnities 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	Description of agreement
Executives	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, apart from the cases contemplated in law, these contracts have to be notified to and/or approved by the governing bodies of the company/group companies. If yes, specify the procedures, events contemplated and nature of the bodies responsible for approval and notification:

	Board of Directors	General Meeting
Body authorising the clauses	√	

	Yes	No
Is the general meeting informed of the clauses?	√	

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:

Audit and Compliance Committee		
Name	Position	Category
MERCEDES COSTA GARCÍA	CHAIRMAN	Independent
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
FERNANDO CASTELLÓ CLEMENTE	MEMBER	Independent
GRUPO TRADIFÍN, S.L.	MEMBER	Proprietary
PEDRO ANTONIO ZORRERO CAMAS	MEMBER	Independent

% executive directors	0.00
% proprietary directors	40.00
% independent directors	60.00
% other non-executive directors	0.00

Explain the duties attributed to this committee, including any duties additional to those stipulated in law, and describe the procedures and rules of organisation and procedure. For each of these duties, indicate the committee's most important actions during the year and how it has performed in practice each of the duties attributed to it, by law, in the articles of association or by virtue of other corporate resolutions.

The Audit and Compliance Committee is governed by the applicable legal provisions, the specific rules on its composition, organisation, procedure and powers set out in Article 28.2 of the Articles of Association and Article 24 of the Regulations of the Board, and by 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 must be Non-Executive Directors, at least most of whom must be Independent Directors and one of them will be appointed on the basis 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.

The Audit and Compliance Committee shall meet as and 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 the powers and duties established by law, the articles of association and regulations, the Audit and Compliance Committee has the duties of supervision, oversight, control and reporting to the Board of Directors established in Article 24.4 of the Regulations of the Board in each of the following areas:

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

- Financial reporting and annual accounts: ensure that: (i) the systems used for preparing the financial statements 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: 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; 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: supervise and report to the Board 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: investigate and solve any issues reported through that channel, paying special attention to those involving possible falsehood or misrepresentation in financial or accounting documents and possible fraud.

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

During 2018, 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 (including tax risks) and control systems, 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 2018, which will be made available to all shareholders prior to the forthcoming AGM 2019.

Name the member(s) of the audit committee appointed on account of their expertise and experience in accounting, auditing or both and indicate the date of appointment of the chairman of this committee.

Names of directors with experience	MERCEDES COSTA GARCÍA / CORPORACIÓN FINANCIERA ALBA, S.A. / FERNANDO CASTELLÓ CLEMENTE / GRUPO TRADIFÍN, S.L. / PEDRO ANTONIO ZORRERO CAMAS
Date of appointment to this office of the chairman of the committee	22/11/2018

Strategy and Investment Committee		
Name	Position	Category
DEMETRIO CARCELLER ARCE	CHAIRMAN	Proprietary
ANTONIO HERNÁNDEZ CALLEJAS	MEMBER	Executive
HERCALIANZ INVESTING GROUP, S.L.	MEMBER	Executive
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	MEMBER	Proprietary

% executive directors	40.00
% proprietary directors	60.00
% independent directors	0.00
% other non-executive directors	0.00

Explain the duties attributed to this committee and describe the procedures and rules of organisation and procedure. For each of these duties, indicate the committee’s most important actions during the year and how it has performed in practice each of the duties attributed to it, by law, in the articles of association or by virtue of other corporate resolutions.

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

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, review 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.

During 2018, the Strategy and Investment Committee monitored the Strategic Plan of the Ebro Foods Group 2016-2018, worked on preparation of the Strategic Plan of the Ebro Foods Group 2019-2021 and analysed possible investment strategies in different business lines.

Nomination and Remuneration Committee		
Name	Position	Category
FERNANDO CASTELLÓ CLEMENTE	CHAIRMAN	Independent
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
GRUPO TRADIFÍN, S.L.	MEMBER	Proprietary
BELÉN BARREIRO PÉREZ-PARDO	MEMBER	Independent
MERCEDES COSTA GARCÍA	MEMBER	Independent

% executive directors	0.00
% proprietary directors	40.00
% independent directors	60.00
% other non-executive directors	0.00

Explain the duties attributed to this committee, including any duties additional to those stipulated in law, and describe the procedures and rules of organisation and procedure. For each of these duties, indicate the committee's most important actions during the year and how it has performed in practice each of the duties attributed to it, by law, in the articles of association or by virtue of other corporate resolutions.

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 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 Nomination and Remuneration 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.

With regard to the activities of the Nomination and Remuneration Committee during 2018, following the appropriate studies and assessments, the Committee has drawn up the proposals and issued the corresponding favourable reports to the Board of Directors in respect of the following: (i) appointments, ratifications and re-elections of Directors and their representatives, where appropriate, and their assignment to the different Committees of the Board of Directors, and appointment of a new Lead Independent Director; (ii) self-assessment procedure for the Board of Directors, Chairman and Committees for 2017; (iii) Directors' Remuneration Policy for 2019, 2020 and 2021; (iv) remuneration systems and remuneration of Directors, including the Executive Chairman, and of the key executives of the Company and Group; (v) Directors' Remuneration Report for 2018; and (vi) Share Delivery Plan for Group employees for 2018.

The Company will issue a detailed report of all the activities performed by the Nomination and Remuneration Committee during 2018, which will be made available to all shareholders prior to the forthcoming AGM 2019.

Executive Committee		
Name	Position	Category
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	Executive
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
CORPORACIÓN FINANCIERA ALBA, S.A.	MEMBER	Proprietary
PEDRO ANTONIO ZORRERO CAMAS	MEMBER	Independent

% executive directors	25.00
% proprietary directors	50.00
% independent directors	25.00
% other non-executive directors	0.00

Explain the duties attributed to this committee and describe the procedures and rules of organisation and procedure. For each of these duties, indicate the committee's most important actions during the year and how it has performed in practice each of the duties attributed to it, by law, in the articles of association or by virtue of other corporate resolutions.

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, 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 2018, 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.

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							
	2018		2017		2016		2015	
	No.	%	No.	%	No.	%	No.	%
Audit and Compliance Committee	2	40.00	3	60.00	2	40.00	1	25.00
Strategy and Investment Committee	0	0.00	0	0.00	0	0.00	0	0.00
Nomination and Remuneration Committee	3	60.00	2	50.00	1	25.00	1	25.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

The percentage of female Directors on the Audit and Compliance Committee in 2018 indicated in this section C.2.2. has been calculated omitting Belén Barreiro Pérez-Pardo, who was a member of this Committee up to 19 December 2018.

C.2.3 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 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).

No changes were made during 2018 to the regulations of the Committees.

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 texts are delivered to the Directors when they are appointed, together with the Regulations of the General Meeting, the Internal Code of Market Conduct, the Internal Code of Conduct and the Policies of the Ebro Foods Group.

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.

D. RELATED PARTY AND INTER-COMPANY TRANSACTIONS

D.1. Explain the procedure, if any, and competent bodies for approval of related party and inter-company 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 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, subject to a report by the Audit and Compliance Committee, for a line of transactions and their conditions 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 Management and Control 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 euros)
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	Corporate	Sale of goods (finished or otherwise)	5,190
CORPORACIÓN ECONÓMICA DELTA, S.A.	EBRO FOODS, S.A.	Corporate	Dividends and other distributions	10,092

See section A-5 of this Report regarding the related party transaction between Sociedad Anónima Damm and Herba Ricemills, S.L.U. mentioned in this section D.2.

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 euros)
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	RELATIVE	Operating leases	41
ANTONIO HERNÁNDEZ CALLEJAS	ANTONIO HERNÁNDEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	28
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	31
GRUPO TRADIFÍN, S.L.	REAL CLUB DE GOLF DE SEVILLA, S.L.	CORPORATE	Services received	9
GRUPO TRADIFÍN, S.L.	CABHER 96, S.L.	CORPORATE	Purchase of goods (finished or otherwise)	91
GRUPO TRADIFÍN, S.L.	---	---	Dividends and other distributions	6,982
HERCALIANZ INVESTING GROUP, S.L.	AGRICOLA MAURIÑAS, S.L.	CORPORATE	Sale of goods (finished or otherwise)	1
HERCALIANZ INVESTING GROUP, S.L.	LLANOS RICE, S.L.	CORPORATE	Sale of goods (finished or otherwise)	1
HERCALIANZ INVESTING GROUP, S.L.	---	---	Dividends and other distributions	6,982
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Operating leases	444
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Purchase of goods (finished or otherwise)	8,574
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services rendered	1
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services received	46
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Sale of goods (finished or otherwise)	2,006
ALIMENTOS Y ACEITES, S.A.	---	---	Dividends and other distributions	9,086

Name of director or executive	Name of related party	Relationship	Type of transaction	Amount (thousand euros)
FERNANDO CASTELLÓ CLEMENTE	---	---	Dividends and other distributions	1,315
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	---	---	Dividends and other distributions	2
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	CORPORATE	Dividends and other distributions	2,622
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	---	---	Dividends and other distributions	6,864
CORPORACIÓN FINANCIERA ALBA, S.A.	---	---	Dividends and other distributions	10,616
MARÍA CARCELLER ARCE	---	---	Dividends and other distributions	2
DEMETRIO CARCELLER ARCE	---	---	Dividends and other distributions	19

With regard to the transactions made with Instituto Hispánico del Arroz, S.A. and mentioned in this section C.3, the Directors Grupo Tradifín, S.L. and Hercalianz Investing Group, S.L. each own 50% of Instituto Hispánico del Arroz, S.A., the parent of a Group with which the Ebro Foods Group habitually conducts commercial transactions on arm's length terms. The transactions made by the Ebro Foods Group with that company and its subsidiaries in 2018 have been reported for their total amount in this section as made with the related party Hercalianz Investing Grupo, S.L. (Director), although they should also be considered related with the Director Grupo Tradifín, S.L. by virtue of its 50% interest in Instituto Hispánico del Arroz, S.A.

It should also be noted that during 2018 Ebro Foods, S.A. distributed a sum of 19 thousand euros as dividends to the executives listed in section C.1.14 of this Report.

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:

Name of group company	Brief description of the transaction	Amount (thousand euros)
No details		N/A

Ebro Foods, S.A. has a 40% interest in Riso Scotti S.p.A., an associate consolidated by the equity method.

Riso Scotti S.p.A. is an Italian company with business activities similar to the objects of Ebro Foods, S.A.

The transactions made from 1 January to 31 December 2018 between companies in the Ebro Group and Riso Scotti (associate that is not part of the Ebro Group) are indicated below:

- Purchase of goods (finished or otherwise): 1,330 thousand euros

- Sale of goods (finished or otherwise): 3,236 thousand euros

- Services rendered (income): 8 thousand euros.

D.5. Report any significant transactions made between the company or group companies with other related parties that have not been reported in the preceding sections:

Name of related party	Brief description of the transaction	Amount (thousand euros)
FÉLIX HERNÁNDEZ CALLEJAS	Services rendered (income) between a subsidiary of the Ebro Foods Group and Hernández Barrera Servicios, S.A.	4
FÉLIX HERNÁNDEZ CALLEJAS	Services received (expense) between a subsidiary of the Ebro Foods Group and Hernández Barrera Servicios, S.A.	293

Hernández Barrera Servicios, S.A. is closely related to Félix Hernández Callejas, the individual representing the Director Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A.

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, 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 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, to confirm: (i) any transactions that they may have made with the Company and/or other companies in the Group, (ii) their engagement in activities similar or complementary to those included in the company's objects, and (iii) 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

E. RISK MANAGEMENT AND CONTROL SYSTEMS

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

As an integral part of the corporate policies passed by the Board, the Risk Management and Control 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 Management and Control 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 Management and Control 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 and Control System, including tax risks:

The Risk (including tax risks) Management and Control System 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 provides 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 Group 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 and Compliance Committee, is specifically responsible for coordinating and monitoring the system for management and control 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 designates individuals in the major subsidiaries to monitor the systems for management and control of risks (including tax risks) and financial reporting and report 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 and, to the extent that they may be significant, those deriving from corruption (the latter within the scope of Royal Decree Law 18/2017), that could have a bearing on achievement of the company's business goals:

The main risks that might have a bearing on achievement of the business goals set by the Ebro Foods Group are listed below and explained in greater detail in Explanatory Note Three in section H of this Report.

A. OPERATIONAL RISKS:

- Food safety risk

- Commodity supply risk

- Market risk (prices) risk

- Customer concentration risk

- Technological risk

B. RISKS RELATED WITH THE ENVIRONMENT AND STRATEGY:

- Environmental risk

- Climate risk

- Competition risk

- Reputational risk

- Changes in lifestyle

- Country or market risk

- Natural disasters, fires

- Strategic planning and assessment of strategic opportunities for investment or divestment

C. COMPLIANCE RISKS:

- Sectoral regulatory risk

- General regulatory risk

- Tax risks

D. FINANCIAL RISKS:

- Foreign exchange risk

- Interest rate risk

- Liquidity risk

- Credit risk

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 management and control 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 Four in Section H of this Report:

- Food safety risk

- Supply risks

- Country risk

- Competition / market risk

- Regulatory and reputational risk

E.6. Explain the response and supervision plans for the main risks, including tax risks, to which the company is exposed and the procedures followed to ensure that the board of directors provides solutions for any new challenges that may arise:

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 management and control in the corresponding unit must 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 Risks Committee reports regularly to the Audit and Compliance Committee on the actions taken and plans proposed and the latter in turn reports on all this to the Board of Directors.

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 requirements of internal reporting to the bodies responsible for supervision and control.

F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS FOR FINANCIAL REPORTING (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 units 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 internal control system for the company's financial reporting (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 information; and (iii) ensuring implementation of and compliance with the internal regulations and codes applicable to the risk management and control 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 management and control 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, 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 director(s) and Secretary of the Board and proposes the assignment of Directors to the different Board Committees.

In turn, under the policies approved by the Board, the Nomination and Remuneration Committee supervises 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 Chairman, Chief Operating Officer (COO) and executives of the different business units of the Ebro Foods Group participate actively in the management committees of the Group's subsidiaries, thereby ensuring direct communication through the lines of responsibility and authority.

The senior management and the human resources departments of the Group and each of the Group subsidiaries are responsible for designing the organisational structure according to local needs. The most important subsidiaries have organisation charts that include a description of the duties and responsibilities of the main areas participating in the 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 management of all the subsidiaries, especially the financial management, 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.

Ebro Foods, through its Secretary, 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 any irregular activities within the organisation, indicating whether this channel is confidential:

As established in the Regulations of the Board, 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, in its Code of Conduct the Ebro Group has established a whistleblowing channel, 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 refresher courses 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 appraisal 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 appraisal 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 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 management and control 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 financial reporting internal control system, 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 by 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 and the checks made by the responsible persons to mitigate those risks are identified, 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 of Directors.

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 that 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, tax, reputational, environmental, etc.) insofar as they affect the financial statements:

The Risk Management and Control 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, 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 internal control and reporting systems, the Audit and Compliance Committee is responsible for supervising and promoting the procedures and systems used to prepare and control the Company and Group financial reporting, and controlling the implementation of and compliance with the risk management and control 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 for 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 a process to enhance the quality and quantity of 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 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 is in the process of implementing a system to control the separation of duties and access to critical functions of the SAP GRC SoD system. This system is already operational in the major subsidiaries of the Group and its implementation programme contemplates extension to all the important subsidiaries of the Ebro Foods Group.

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 SAP system. In all those cases, Ebro has procedures underpinned by systems that systematically filter, assess, manage the life cycle and inform on production changes 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. In addition, as mentioned above, Ebro Foods is in the process of implementing the SAP GRC SoD system throughout the Group, ensuring adequate access control, separation of duties, anti-fraud elements within ERP and mitigating measures where necessary.

iv)Ebro has internal tools which, combined with the user support departments and systems (Help Desks), guarantee the management and traceability of any 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, 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 employee benefits 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 inform the employees involved in the preparation of financial information on the applicable criteria 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 regularly.

- 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 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 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 internal control system for the financial reporting. Among the duties defined in the Regulations of the Board, 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 Internal Audit Manager 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 implementing the test 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 system for management and control of risks, including tax risks, and checking the Group's financial information.

Within the business risks control and the financial reporting internal control system, 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, under 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 audits 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 implementation, 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 2018, 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:

F.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, explain 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 Good Governance Code for Listed Companies.

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 [X] 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 [X]

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 [X] 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 [X] 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 [X]   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 [X]   Explanation [ ]

All the sections of this Recommendation are met, except (c).

The Audit and Compliance Committee checks that all the related party transactions with significant shareholders, Directors, representatives of corporate directors and other related parties have been made on arm's length terms, at market prices, transparently, fairly and reasonably, and always in the interests of the Ebro Foods Group, and issues a report to the Board in favour of their approval. 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 [X]

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 (79.0325% at the last AGM held on 5 June 2018), 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 2019, 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 should clearly explain to the shareholders their content and scope.

   Complies [X]   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 [X] 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 [X]

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 [X] 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, it should 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 community and environment.

Complies [X] Partial compliance [ ] Explanation [ ]

13. The board should have the necessary size to operate effectively, with participation. The recommended size is between five and fifteen members.

Complies [X] 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 its conclusions in the annual corporate governance report.

Complies [X]   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 [X]   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 [X]   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 [X]   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 [X] Explanation [ ]

All the sections of this Recommendation are met, except b).

Although there is no specific section on the corporate website containing the information contemplated in paragraph (b), 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 [X]

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 [X]

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 any circumstances arise 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 [X] 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 [X] 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 they are not a director.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

24. If a director resigns or retires from office on whatsoever grounds before the end of their 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 stated in the Annual Corporate Governance Report.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

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 [X] Explanation [ ]

Although the Regulations of the Board 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").

Moreover, the Policy for Selection of Directors and Diversity in the Composition of the Board of Directors stipulates within "Conditions to be met by candidates" that candidates must have sufficient availability to be able to duly perform their duties. This point is confirmed by the Committee with the candidates before submitting any proposal to the Board 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 and the Policy for Selection of Directors and Diversity in the Composition of the Board of Directors. It considers this a complex issue and believes that it is not necessary to establish a maximum number of directorships that may be held by the Directors in order to achieve this.

26. The board should meet as often as may be necessary to secure efficient performance of its duties, and at least eight times a year, following the calendar and business established at the beginning of the year, although any director may individually propose additional items to be included on the agenda.

Complies [X]   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 [X]   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 in the minutes, at the request of those expressing them.

Complies [ ]   Partial compliance [ ]   Explanation [ ]   Not applicable [X]

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 [X]   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 [X]   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 for this, leaving due record in the minutes.

Complies [X]   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 [X]   Partial compliance [ ]   Explanation [ ]

33. Being responsible for the efficient procedure 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 refresher programmes for each director whenever circumstances so require.

Complies [X] 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 [X] Not applicable [ ]

Although the Articles of Association and Regulations of the Board 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 the fact that any Director, not only the Lead Independent Director, may exercise the powers contemplated in this Recommendation, together with the ample majority on Non-Executive Directors on the Board of Directors, 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 [X] 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 procedure 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 [X] 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 [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

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 [X] Partial compliance [ ] 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 the majority of those members should be independent directors.

Complies [X] 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 [X] 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 [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

42. The audit committee should have the following duties, in addition to those contemplated in law:

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 of the internal audit unit; propose the selection, appointment, re-appointment and removal of the internal audit manager; propose the budget for this unit; 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 mechanism through which employees can confidentially and, if possible and where appropriate, 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 non-audit services, limits on the concentration of the auditor's business and, in general, any other provisions regarding the independence of auditors.

Complies [ ] Partial compliance [X] Explanation [ ]

The Company complies with all of this Recommendation except for paragraph 2(d).

The Audit and Compliance Committee is responsible for maintaining relations with the external auditors, receiving information and exchanging all the necessary communications with them. The external auditors attend Committee meetings whenever this is necessary in view of the business included on the agenda.

The Audit and Compliance Committee provides timely information to the Board on the contents of all the meetings held, including those attended by the external auditors. The Board is thus informed in a timely manner of all business transacted by the Committee, particularly the work done by the external auditors and the Company's relations with them.

This notwithstanding, the external auditors attend Board meetings if this is considered appropriate by the Audit and Compliance Committee, the Board of Directors or any member of the Board.

The Company considers that the Audit and Compliance Committee makes sure that the Board receives all the necessary information regarding the work of and relations with the external auditors.

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 [X] 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 [X]

45. The risk management and control policy should identify at least:

a) The different types of financial and non-financial risk (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 [X]   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 management and control role exercised by an internal unit or department of the company expressly having the following duties:

a) See that the risk management and control 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 management and control systems adequately mitigate the risks within the policy defined by the board.

Complies [X]   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 the majority of those members are independent directors

Complies [X]   Partial compliance [   ]   Explanation [ ]

48. Companies with a high level of capitalisation should have a separate nomination committee and remuneration committee.

Complies [   ]   Explanation [   ]   Not applicable [X]

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 [X]   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 [X] 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 [X] 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, the majority 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 [X]

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 [X] 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 [X]   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 [X]   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 not so high as to jeopardise the independence of non-executive directors.

Complies [X]   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 [X]   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 [X] 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 [X] 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 [X]

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 [X] Not applicable [ ]

Of the two Executive Directors, only the Chairman of the Board of Directors, Antonio Hernández Callejas, receives remuneration for his executive duties. Hercalianz 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 2018 and are linked to the achievement of pre-established measurable, quantifiable objectives related with financial and non-financial 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, in view of the special relationship of the Executive Chairman as shareholder of the Company, 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. 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 [X]

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 [X] 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 [X]

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. Particular mention shall be made of whether the company has acceded to the Code of Good Tax Practices of 20 July 2010.

EXPLANATORY NOTE ONE, ON SECTION C

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) All the members of the Audit and Compliance Committee were appointed on account of their accounting and audit experience and expertise, including Grupo Tradifín, S.L. and Corporación Financiera Alba, S.A., which were elected on account of the expertise of their representatives in these areas (Blanca Hernández Rodríguez and Javier Fernández Alonso, respectively).

EXPLANATORY NOTE TWO, ON SECTION C.2.3

The following changes were produced in the composition of the Committees during 2018:

EXECUTIVE COMMITTEE:

Javier Fernández Alonso stepped down as member of this Committee as of 31 January 2018. On the same date, Corporación Financiera Alba, S.A. joined the Committee, represented by Mr Fernández Alonso.

AUDIT AND COMPLIANCE COMMITTEE:

- José Ignacio Comenge Sánchez-Real retired as Chairman and member of the Committee as of 22 November 2018.

- Mercedes Costa was appointed Chairman of the Committee on 22 November 2018.

- Belén Barreiro Pérez-Pardo retired as member of the Committee as of 19 December 2018.

- Corporación Financiera Alba, S.A. (represented by Javier Fernández Alonso) and Pedro Antonio Zorrero Camas joined the Committee on 19 December 2018.

NOMINATION AND REMUNERATION COMMITTEE:

- Belén Barreiro Pérez-Pardo joined the Committee on 19 December 2018.

- STRATEGY AND INVESTMENT COMMITTEE:

- Javier Fernández Alonso retired as member of the Committee as of 31 January 2018. On the same date, Corporación Financiera Alba, S.A. joined the Committee, represented by Mr Fernández Alonso.

- José Ignacio Comenge Sánchez-Real joined the Committee on 22 November 2018.

EXPLANATORY NOTE THREE, ON SECTION E.3

The main risks that could have a bearing on achievement of the company's business goals listed in section E.3 of this Report.

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 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. The risks relating to the security of the Group's IT systems and data (cybersecurity) is also included here.

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.

- Strategic planning and assessment of strategic opportunities for investment or divestment. Risk deriving from the possibility of making a mistake in the selection of alternatives and/or assignment of resources to reach the Group's strategic goals. In the short term, this includes aligning the budget with the goals defined for the medium and long term.

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 beginning a process of review and update of its criminal risk map and mechanisms for mitigating those risks, while working on the necessary training for employees in this area. These activities are expected to be performed throughout 2019.

- 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 RISK:

This category 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.

The current risk map does not identify within the major risks any that might be considered to derive from corruption. However, the Group has measures to mitigate those potential risks on both a global level (Code of Conduct) and a local level. It also has a Crime Prevention Model that identifies several means for mitigating the risk of corruption offences being committed.

EXPLANATORY NOTE FOUR, ON SECTION E.5.

Details are provided below of the risks that have actually occurred during 2018, listed in section E.5 of this Report.

FOOD SAFETY RISK

In the summer of 2018, our French subsidiary detected a problem in the taste of a batch of dry pasta. The relevant procedure was immediately set under way to detect the source of the problem and eliminate any possible risk for consumers. Following a product recall, the origin of the problem was found to be in the insufficient cleaning of a silo from which the raw material was supplied. The consequences were minimal, limited exclusively to claims from distribution for losses deriving from recall of the affected product. Although this was considered an isolated incident, control has been stepped up of the protocols for emptying and cleaning silos.

Changes in the laws on pesticides and fungicides affected the sourcing of basmati rice and other varieties and increased the costs of analysis, transport and logistics. At the beginning of the year, an analysis detected the presence of picoxystrobin (approval of which was not renewed by the EU in 2017) in some fungicides used by suppliers in the cultivation of certain varieties of long-grain rice. Picoxystrobin is mainly concentrated in the outer husk of the grain, which is eliminated during processing, but it might get into the pericarp during the parboiling process. The risk was confined, therefore, to parboiled rice put on the market without completing the milling or polishing (cargo). When the incident was detected, samples were taken as a precaution from all stocks of paddy rice to identify the lots that were free from this substance and alternative varieties that could be put on the market without any risk.

SUPPLY RISKS

The price of aromatic rice varieties rose progressively as from the second quarter of 2017, as a result of: (i) the smaller sowing area in the last few crop years and (ii) the shortage of water in some rice-growing areas, which affected the harvest and the carryover stock.

The price rise first hit the basmati rice varieties, followed by a sharp rise in Thai fragante. The hike only levelled off in early 2018, at a price of over USD 1,000 per tonne. Since this was not a temporary situation and it had a material effect on the profitability of those varieties, the Group endeavoured (as far as possible) to pass this price increase on to customers. However, especially in the case of Thai fragante rice varieties, it was only possible to pass on part of this rise in the first few months of the year so it produced an adverse effect on profit margins.

Within a generally buoyant situation with very low unemployment in the United States, the costs of several materials and services in that country have hiked, which has been a challenge for our local subsidiary there. In particular, we have identified the following key aspects affecting costs:

- Raw materials and auxiliary materials: unique price dynamics in the case of rice (especially the fragante variety mentioned earlier, which is, moreover, one of the fastest-growing varieties in terms of consumption) and egg white (partly due to the changes in regulation of laying hens, as a result of which the price tripled during the year), although it also affected oil and other auxiliary materials, such as plastic and paper.

- Labour: the cost and turnover of labour increased considerably in the wake of the buoyant economic situation and the strength of the oil industry, which is our main rival for hiring personnel in the Gulf of Mexico.

- Rise in logistics costs due to the fuel price hike and new rules on the use of tachographs, which has led to a waning supply of road haulage.

Apart from price rises in the products most affected by these circumstances, we have implemented additional measures designed to lower the cost of the end product, such as a productivity plan for transport and the use of auxiliary materials, and measures to boost the hiring and retaining of personnel in the most difficult areas.

COUNTRY RISK

During 2018, the negotiation of the UK's exit from the EU has been very up and down. Although British laws applicable after Brexit will foreseeably stick closely to those of the EU at least initially, uncertainty escalated when the deal was rejected by the British Parliament. The main risks lie in the evolution of the pound sterling, the increased cost of imports and the possibility of standstill or major delays in the settlement of customs duties.

Although the location of our plants is favourable (nowhere near the ports on the south coast, which could be more conflictive), in order to mitigate the risks as far as possible, it has been decided to: (i) hedge currencies, covering our immediate needs and trying to reduce volatility, and (ii) take long positions in goods, in case any problems arise in respect of imports and customs duties.

COMPETITION/MARKET RISK

Our main rival in the North American fresh pasta market has announced its investment in a new plant in the United States and it has come to light that it plans to install a "skillet gnocchi" line there. This is one of our Group's major ventures for growth in that market, through the start-up of a manufacturing line in Canada in early 2019. In response to this possible threat, we have stepped up our efforts to put this product on the market as soon as possible, securing customer loyalty with a high quality product and service.

REGULATORY AND REPUTATIONAL RISK

In response to the new customs tariffs slapped on imports of steel and aluminium in the USA, in June 2018 the EU put a 25% tariff on a list of products, which included American white rice. This product is sold by our Group, so in order to avoid this additional cost, we made some changes in our sourcing, seeking alternatives such as the importing of cargo rice (husked rice that is not on the list of products subject to this tariff), to be milled within the EU.

At the end of 2018, the EU approved tariffs on imports of long-grain white rice from Myanmar and Cambodia, which had been exempt in recent years under the Everything But Arms Agreement. This measure, which will foreseeably put greater pressure on prices in the short term, is also an opportunity to boost the production structure in Europe and Argentina, taking advantage of the Group's risk management through diversification of sourcing.

The new Agriculture and Food Act (EGAlim) was passed in France in October 2018. This Act regulates discounts, promotions and leader pricing for a period of two years. It entered into force in February 2019, outlawing any mention on the packaging of the product being "free" or "without charge". Consequently, certain packaging material cannot be used and has had to be withdrawn, against the earnings of the year.

EXPLANATORY NOTE FIVE, 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 50

The "senior executives" contemplated in this recommendation include the Chief Operating Officer, the Company Secretary and Secretary of the Board and the heads of the business units of the Ebro Foods Group.

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:

27/03/2019

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 "2018 Disclosures Regarding the Internal Control over Financial Reporting System"

Building a better working world

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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 2018

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 March 21, 2019, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of EBRO FOODS, S.A. for 2018, 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 is annual financial reporting effort, the later 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 2018 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 5/2013 dated June 12, 2013 amended by circular nº 7/2015 dated December 22, 2015 and then modified by Circular nº 2/2018 dated June 12, 2018 (hereinafter, the Circulars of the Spanish National Securities Market Commission).

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 Circulars 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 27, 2019

Next, the Spanish original version incorporates the signatures certificate issued by the Secretary of the Board, which was signed by each and every one of the Directors, in person or by the representative, against their names and surnames set out below.

Madrid, 27 March, 2019.

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Luis Peña Pazos
Secretary of the Board

Antonio Hernández Callejas Chairman	Demetrio Carceller Arce Vice-Chairman
Alimentos y Aceites, S.A. (Concepción Ordiz Fuertes)	Belén Barreiro Pérez-Pardo
María Carceller Arce	Fernando Castelló Clemente
José Ignacio Comenge Sánchez-Real	Mercedes Costa García (Lead Independent Director)
Empresas Comerciales e Industriales Valencianas, S.L. (Javier Gómez-Trenor Vergés)	Corporación Financiera Alba, S.A. (Javier Fernández Alonso)
Grupo Tradifín, S.L. (Blanca Hernández Rodríguez)	Hercalianz Investing Group, S.L. (Félix Hernández Callejas)
Pedro Antonio Zorrero Camas	