

## **REPORT BY THE BOARD OF DIRECTORS REGARDING THE PROPOSAL SUBMITTED BY THE NOMINATION AND REMUNERATION COMMISSION FOR THE RE-ELECTION AND APPOINTMENT OF PEDRO ANTONIO ZORRERO CAMAS AS DIRECTOR**

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### **1. Introduction**

On 24 October 2018, the Board of Directors of Ebro Foods, S.A. (the “**Company**”) resolved to appoint Pedro Antonio Zorrero Camas director to fill the vacancy on the Board for the time remaining up to the next General Meeting. Pedro Antonio Zorrero Camas is classified as an independent director.

That resolution was adopted by the Board: (i) based on the resolutions adopted at the Annual General Meetings held on 1 June 2017 and 5 June 2018; and (ii) at the proposal of the Nomination and Remuneration Committee. In addition, the corresponding reports were issued (by both the Nomination and Remuneration Committee and the Board of Directors), pursuant to section 529 decies, paragraphs 4 and 5, of the Corporate Enterprises Act. Those reports were appended to the corresponding minutes.

Pedro Antonio Zorrero Camas expressly accepted his appointment as company director in writing on 13 December 2018.

The appointment of Pedro Antonio Zorrero Camas as independent director has been entered on the company’s page of the Madrid Trade Register, page no. M-271855.

As agreed at the time of his designation, the appointment was to be effective up to the next General Meeting held thereafter.

Accordingly, since the first General Meeting to be held after the Board’s appointment of Pedro Antonio Zorrero Camas is scheduled for the coming 4 June 2019 on first call and 5 June 2019 on second call, the Nomination and Remuneration Committee has submitted a proposal to the Board, to be tabled at the Annual General Meeting (AGM), to re-elect and appoint Pedro Antonio Zorrero Camas director for the statutory term of four years.

The proposal submitted by the Nomination and Remuneration Committee contains the report issued pursuant to Article 25.4(a) of the Regulations of the Board and an analysis of the composition and present needs of the Board, in accordance with the company’s Policy for Selecting Directors and Diversity in the Composition of the Board of Directors.

The proposal submitted by the Nomination and Remuneration Committee is appended in **Annex 1** hereto.

The professional profile of Pedro Antonio Zorrero Camas, provided by the Nomination and Remuneration Committee, is also appended hereto, in **Annex 2**.

**Annex 3** contains the text of the proposed resolution drawn up by the Board to be tabled at the general meeting concerning the re-election of Pedro Antonio Zorrero Camas as director for the statutory term of four years.

This report and the annexes hereto will be made available to shareholders through their publication on the corporate website [www.ebrofoods.es](http://www.ebrofoods.es), coinciding with the publication of the notice of call to the forthcoming Annual General Meeting 2019. They will also be incorporated in the minutes of the corresponding board and general meetings.

## **2. Legal and regulatory aspects**

### **2.1. Category of independent director**

Pursuant to the Corporate Enterprises Act, section 529.duodecies.4, independent directors are appointed by virtue of their personal and professional qualities and are able to perform their duties without being conditioned in any way by relations with the company or its group, significant shareholders or executives. Directors falling into any of the cases contemplated in that section may not be considered independent.

Accordingly, Pedro Antonio Zorrero Camas would be considered an independent director.

### **2.2. Re-election and appointment of a director at the general meeting**

The re-election of directors at the end of their mandate is contemplated in section 221.2, second paragraph, of the Corporate Enterprises Act, Article 20 of the company's Articles of Association and Article 30.1 of the Regulations of the Board.

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

That section 529 decies also establishes, in paragraphs 4 and 5, that the Nomination and Remuneration Committee is competent to propose the appointment of independent directors and that proposal must necessarily be accompanied by a supporting report by the Board assessing the competence, experience and merits of the proposed candidate. That report must be appended to the minutes of the general meeting or board meeting, as the case may be.

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

## **3. Assessment of the competence, experience and merits of the proposed candidate**

The Board considers that Pedro Antonio Zorrero Camas has the necessary competence, experience and merits to continue as director on the board of directors of Ebro, in view of the following qualities:

- Over the time he has been on the Board, he has acquired a sufficiently extensive knowledge of the Ebro Foods Group to be considered a valuable asset for the Board.

- His outstanding academic qualifications as Agricultural Engineer and Technical Agricultural Engineer and his professional experience in the public sector in the fields of auditing, control and management of European funds and regional aids to agriculture and fisheries, plus his status as consultant and adviser to farms, give the Board a greater diversity of expertise and professional profiles.
- His continuity on the Board is in keeping with the principles of the company's Policy for Selecting Directors and Diversity in the Composition of the Board of Directors.

In accordance with: (i) the company's Policy for Selecting Directors, (ii) Article 32.2 of the Regulations of the Board; and (iii) Recommendation 25 of the Good Governance Code for Listed Companies, Pedro Antonio Zorrero Camas has informed the company that he is sufficiently available to be able to correctly perform his duties.

Finally, the Board has also assessed the possibility of re-electing Pedro Antonio Zorrero Camas member of the Executive Committee and Audit and Compliance Committee, considering that this would maintain both the diversity of expertise and professional profiles and the presence of independent directors on those committees, in line with the good governance recommendations.

#### **4. Conclusion**

In view of the foregoing, the Board considers that:

- 4.1. The proposal submitted by the Nomination and Remuneration Committee complies with the requirements established by the Corporate Enterprises Act, the Articles of Association and the Regulations of the Board, and with the principles of the company's Policy for Selecting Directors and Diversity in the Composition of the Board of Directors.
- 4.2. The requirements established in law, the articles of association and regulations are met for the re-election and appointment of Pedro Antonio Zorrero Camas as director for the statutory term of four years.
- 4.3. Pedro Antonio Zorrero Camas has so far done an excellent job as director and made a valuable contribution to the board, thanks to the knowledge he has acquired of the activities of the Ebro Group.
- 4.4. Pedro Antonio Zorrero Camas has the necessary qualifications and professional background required for this position, considering the needs of the board, and is sufficiently available to perform his duties adequately, so it is appropriate to table a motion at the AGM for his re-election and appointment as company director for the statutory term of four years. Pedro Antonio Zorrero Camas is an independent director.
- 4.5. The classification of Pedro Antonio Zorrero Camas as an independent director is based on the principles behind the company's Policy for Selecting Directors and Diversity in the Composition of the Board of Directors. In particular, his

appointment favours the diversity of expertise and experience on the Board, maintains the number of independent directors at above one-third, as recommended by the Code of Good Governance for small-cap listed companies, like Ebro.

- 4.6. It has been taken into consideration that the Company has already reached the target established in the Policy for Selecting Directors regarding the gender least represented on the Board.

In short, the board considers Pedro Antonio Zorrero Camas a suitable candidate to be director of the company and that, as such, he would be an independent director.

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Madrid, 30 April 2019.

Annexes:

- Annex 1. Proposed appointment submitted by the Nomination and Remuneration Committee
- Annex 2. Professional profile of Pedro Antonio Zorrero Camas
- Annex 3. Proposed resolution for the Board to lay before the shareholders at the AGM

## Annex 1

### **PROPOSAL SUBMITTED BY THE NOMINATION AND REMUNERATION COMMISSION OF EBRO FOODS, S.A. FOR RE-ELECTION AND APPOINTMENT OF PEDRO ANTONIO ZORRERO CAMAS AS DIRECTOR**

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#### **1. Introduction**

On 24 October 2018, the Board of Directors of Ebro Foods, S.A. (“**Ebro**” or the “**Company**”) resolved to appoint Pedro Antonio Zorrero Camas independent director up to the next General Meeting. That resolution was adopted at the proposal of the Nomination and Remuneration Committee and with the reports previously issued by the Nomination and Remuneration Committee and the Board of Directors, pursuant to section 529 decies, paragraphs 4 and 5, of the Corporate Enterprises Act.

Pedro Antonio Zorrero Camas expressly accepted his appointment as company director in writing on 13 December 2018.

According to the resolution of appointment, his designation as director was to be effective up to the next succeeding general meeting, so motions for the corresponding resolutions are to be tabled at the forthcoming AGM.

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

Accordingly, considering the imminent expiry of Pedro Antonio Zorrero Camas’ appointment as director of the company (since the AGM is scheduled for 4 June 2019 on first call, and 5 June 2019 on second call), the Nomination and Remuneration Committee has submitted to the Board, to be laid before the shareholders at the forthcoming AGM, a proposal for the ratification, re-election and/or appointment of Pedro Antonio Zorrero Camas as director for the statutory term of four years pursuant to the Corporate Enterprises Act, section 529.decies, paragraph 4. Pedro Antonio Zorrero Camas is an independent director. In addition, this proposal contains the report issued pursuant to Article 25.4(a) of the Regulations of the Board, which provides that the Nomination and Remuneration Committee shall always inform prior to submission to the General Meeting of any proposal regarding the appointment of Directors.

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

The Nomination and Remuneration Committee hereby analyses the composition and present needs of the board, in accordance with the company’s Policy for Selecting Directors and Diversity in the Composition of the Board of Directors.

Between the date of the last AGM, on 5 June 2018, and the date of this report: (i) one director has been reclassified from independent to proprietary (after raising his interest in

the company to over 3%); and (ii) Pedro Antonio Zorrero Camas has joined the Board as independent director.

At the date of this report, the board has thirteen members, two of whom are classified as executive directors<sup>1</sup>, seven as proprietary directors and four as independent directors, and there are five<sup>2</sup> women on the board.

With this composition of the board: (i) the four independent directors represent 30.77% of the total board members so Ebro, considered a small cap, complies with the recommendation of the Code of Good Governance for the number of independent directors to represent at least one-third of the total directors; and (ii) 38,46% of the directors are women, which is higher than the target set in the Policy for Selecting Directors, for the gender least represented on the board to account for at least 30% of the total number of directors. Moreover, the diversity and richness of expertise, experience and professional profiles of all the directors (all specialists in very different, but complementary, sectors, such as economic, financial, legal, industrial, agricultural, consumer and distribution markets, beverages, rice and pasta) is adequate for the interests of the company and its group.

The Nomination and Remuneration Committee considers that the current composition of the Board meets the plurality and diversity of gender, expertise, experience and professional profiles required by the company's Policy for Selecting Directors and Diversity in the Composition of the Board of Directors.

Finally, the Nomination and Remuneration Committee has also taken into account that Mr Zorrero Camas was appointed director considering his expertise, skills, professional experience, availability and suitability adequate for the performance of his duties.

In view of the foregoing, the Nomination and Remuneration Committee has decided to propose and issue a favourable report to the Board of Directors, to be laid before the forthcoming AGM scheduled for 4 June 2019 on first call and 5 June 2019 on second, for the re-election and appointment of Pedro Antonio Zorrero Camas as independent director for the statutory term of four years.

### **3. Resolution proposed by the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee submits to the Board (for assessment and, if appropriate, presentation at the AGM) a proposal to re-elect and appoint Pedro Antonio

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<sup>1</sup> Heralianz Investing Group, S.L. is classified as an executive director because the individual representing it on the Board (Félix Hernández Callejas) is an executive of one of the Group's subsidiaries. However, Heralianz Investing Group, S.L. does not perform any executive duties in the company or its group.

<sup>2</sup> At the date of this Report, the director Alimentos y Aceites, S.A. has informed the company of Concepción Ordiz Fuertes' resignation as representative of that company on the Board and appointment of Macarena Charlo Prieto as its new representative. This change is pending entry in the Trade Register.

Zorrero Camas as director for the statutory term of four years. Mr Zorrero Camas is classified as an independent director.

#### **4. Assessment of the candidate for report to the Board**

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

In addition to the prior assessment of the current composition of the Board (see point 2 above), the report issued must assess the suitability of the candidate. In this regard, the proposal submitted by the Nomination and Remuneration Committee is based on the following considerations:

- a) The excellent work as director performed so far by Pedro Antonio Zorrero Camas, who has demonstrated his capacity and professional worth in the performance of his duties and his valuable contribution to the board.
- b) The adequate merits of Pedro Antonio Zorrero Camas to hold office as director, in view of his academic qualifications and professional experience, particularly his qualification as an Agricultural Engineer and Technical Agricultural Engineer, his broad knowledge of the agricultural sector and his experience in the auditing, control and management of public agricultural funds. He gives the board a point of view considered valuable for the Group's business, especially contributing his ample knowledge of the agricultural sector, thus underpinning the already extensive diversity of expertise within the body.
- c) The fact that Pedro Antonio Zorrero Camas has the time necessary for due performance of his duties.
- d) It is considered convenient for Pedro Antonio Zorrero Camas to remain on the Board in order to maintain optimum stability and balance in the composition of this body.
- e) The re-election and appointment of Pedro Antonio Zorrero Camas as director complies with the requirements on diversity of gender and expertise, non-discrimination and equal treatment established in the Code of Conduct and the Policy for Selecting Directors and Diversity in the Composition of the Board of Directors.
- f) During his time in office, Pedro Antonio Zorrero Camas has not been affected by any relations with the company or its group, significant shareholders or executives, so his classification as an independent director is appropriate.

Similarly, provided the General Meeting resolves to re-elect and appoint Pedro Zorrero Camas as director and he accepts the appointment, the Nomination and Remuneration Committee has assessed and resolved to submit a favourable report to the Board for his re-election as member of the Executive Committee and the Audit and Compliance Committee. The favourable report by the Nomination and Remuneration Committee is

justified essentially because the continuation of the candidate on those Committees would:

- (i) ensure that the composition of the Executive Committee reflects the proportion of the different types of director on the Board;
- (ii) increase the control by independent directors of the Audit and Compliance Committee and guarantee an adequate level of specialisation of the members of that Committee;
- (iii) favour a diversity of expertise on both committees.

Together with this proposal and favourable report, the Nomination and Remuneration Committee submits to the Board the candidate's professional profile, annexed hereto.

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Madrid, 30 April 2019.



**Annex 2****Professional profile of Pedro Antonio Zorrero Camas**

(Seville, 30-03-1971)

Pedro Antonio Zorrero Camas graduated as an Agricultural Engineer from the University of Almería, and as a Technical Agricultural Engineer from the University of Seville.

He has lectured on numerous courses related with the control and auditing of European structural funds and agricultural investment funds.

He has worked as a 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 agriculture 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 an engineering consultant and adviser at different farms to promote intensive farming and extensive stockbreeding.

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**Annex 3**

**Proposed resolution to be submitted at the General Meeting**

*“Re-election and appointment of Pedro Antonio Zorrero Camas as director*

To re-elect and appoint Pedro Antonio Zorrero Camas as company director for the statutory term of four years. Pedro Antonio Zorrero Camas is classified as an independent director.”

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