PROPOSAL BY THE BOARD OF DIRECTORS OF EBRO FOODS, S.A. ON AMENDMENT OF THE DIRECTORS' REMUNERATION POLICY 2019-2021

1. Introduction

Section 529 novodecies of the Corporate Enterprises Act establishes the obligation of listed companies to have a directors' remuneration policy approved by the General Meeting of Shareholders at least every three years under a separate item on the agenda.

At the Annual General Meeting (AGM) held on 5 June 2018, the company's shareholders approved the Remuneration Policy for Directors for the period 2019-2021, proposed by the Board of Directors after assessment and a report by the Nomination and Remuneration Committee.

In 2019:

a) A motion is to be tabled at the AGM to alter Article 22 of the Articles of Association on the remuneration of directors, in the part corresponding to the remuneration of directors for their duties as such (that is, for the supervisory and other non-executive duties performed by the directors); and

b) The Board will agree on a new Deferred Annual Bonus Scheme tied to the Strategic Plan 2019-2021, in which the Executive Chairman participates (as the only executive director performing executive duties in the Company and its Group). The new Scheme is expected to include certain changes in respect of the now concluded Deferred Annual Bonus Scheme tied to the Strategic Plan 2016-2018.

Both of these changes require the corresponding amendment of the Directors' Remuneration Policy for 2019, 2020 and 2021 to: (i) adapt it to the new regulation in the Articles of Association of the system of remuneration of directors for their duties as such; and (ii) incorporate the new Deferred Annual Bonus Scheme within that Policy.

The proposed Remuneration Policy, which the Board of Directors will submit for approval at the AGM, must be accompanied by a specific report by the Nomination and Remuneration Committee. Both the proposed Policy and the specific report by the Committee must be made available to shareholders on the company's website as from the date of calling the AGM. The same procedure must be observed in the event of amendment or replacement of the Remuneration Policy in place from time to time.

2. Reasons for the amendment

The proposed amendment is intended to: (i) adapt the Policy to the alteration of Article 22 of the company's Articles of Association concerning directors' remuneration, which only affects the remuneration of directors for their duties as such, that is for their supervisory and other non-executive duties; and (ii) amend the Policy in the part regulating the Deferred Annual Bonus Scheme in which the Executive Chairman participates.

In addition: (i) the wording is improved in some places; and (ii) the amounts of the remunerations specified in the Policy are changed, as the previous version included the amounts received for the different pay items in 2017 and we have now included those corresponding to 2018.

3. Scope of the proposed amendment

The amendment contemplated in this proposal affects different sections of the current Directors' Remuneration Policy 2019-2021. In particular:

(i) Article 2, which incorporates the statutory regulation on directors' remuneration, including the new wording of Article 22 of the Articles of Association, assuming that the alteration of that article will be approved at the AGM.

(ii) Article 4, to include a paragraph contemplating the amendment now tabled for approval.

(iii) Article 5, to eliminate all references to the "statutory share" and replace them with references to the fixed allocation.

(iv) Article 6.2(c), to adjust the wording to that of the new Deferred Annual Bonus Scheme tied to the Strategic Plan 2019-2021 in respect of the criteria for accrual, if appropriate, of 25% of the remuneration for the three-year period.

The text of the specific amendments to be made in the Policy is appended hereto in **Annex 1**, with the proposed changes clearly marked.

4. Specific report by the Nomination and Remuneration Committee

In pursuance of section 529.novodecies.2 and 3, the Nomination and Remuneration Committee has issued a specific report on the proposed amendment, providing detailed information on the extent of and justification for the proposed amendment.

This report is appended in **Annex 2**.

5. Consolidated text of the Directors' Remuneration Policy 2019-2021

The new text of the Remuneration Policy 2019-2021 is appended in **Annex 3** hereto, incorporating the proposed amendments.

6. Validity

The proposed amendment would not alter the effective period of the Remuneration Policy 2019-2021, which remains in full force and effect, with the amendments described, up to 2021.

Any further amendment or replacement of this Policy during its effective period will require prior approval by the General Meeting of Shareholders.

Madrid, 30 April 2019.

Annex 1

Proposed amendments marked

REMUNERATION POLICY FOR DIRECTORS OF EBRO FOODS, S.A. 2019-2021

2018

1. Introduction

Legislative Royal Decree 1/2010 of 3 July approving the recast Corporate Enterprises Act following the changes made by Act 31/2014 of 3 December amending the Corporate Enterprises Act to enhance Corporate Governance ("**Corporate Enterprises Act**") contemplates the obligation of listed companies to have a directors' remuneration policy (the "**Directors' Remuneration Policy**").

The Corporate Enterprises Act, section 529 novodecies, provides inter alia that the Directors' Remuneration Policy:

(i) shall be in keeping, as appropriate, with the remuneration system established in the articles of association;

(ii) shall be approved by the General Meeting of Shareholders at least every three years and be put to the vote in a separate item on the agenda;

(iii) and once approved by the General Meeting, shall remain in force for three years after the year of its approval.

Pursuant to the transitional provisions contained in Act 31/2014, Ebro Foods, S.A. ("**Ebro**" or the "**Company**") submitted the Annual Report on Directors' Remuneration for approval in an advisory vote at the AGM held on 3 June 2015. As it was approved, the remuneration policy set out in that report was also approved and remained in force for the following three years, i.e. 2016, 2017 and 2018.

Accordingly, and to ensure that the company will (pursuant to the Corporate Enterprises Act, section 529 novodecies) have a Remuneration Policy approved by the General Meeting for the next three years, this new Remuneration Policy, which will be valid (unless modified with approval by the General Meeting) for the years 2019, 2020 and 2021, is to be submitted for approval at the Annual General Meeting in 2018.

2. Internal regulation on directors' remuneration

Based on the legal regulation of directors' remuneration, both as such and for their executive duties, the basic internal regulation of directors' remuneration is set out in Article 22 of the Articles of Association, which provides as follows:

"*Remuneration of all the ~~B~~board members for their duties as such ~~shall consist each year in a share of up to two and a half per cent (2.5%) of the consolidated profits attributable to the company, although this sum may only be taken from the company's net profit and after setting aside such sums as may be necessary to meet the legal reserve requirements, fund any reserves~~ (that ~~may be established in the articles of association, pay shareholders the minimum dividend established in prevailing legislation and meeting all and any~~ is, for their supervisory and other ~~priority assignments required by law. The general meeting shall determine the percentage applicable within the maximum established in this article. The board shall distribute the aforesaid sum among its members each year.~~*

~~The directors will also be entitled to a fee~~non-executive duties) shall comprise: (i) a fixed annual allocation; and (ii) fees for attending meetings of the ~~governing~~company's corporate bodies~~ of~~. Both the ~~company,~~fixed annual allocation for the board as a whole and the amount of ~~which will be established every year~~ attendance fees shall be determined by the general meeting and shall remain in force until a resolution is passed to change them. The board of directors shall distribute each year among its members the fixed sum established by the general meeting~~.~~

~~The maximum amount of~~, taking into account the ~~annual remuneration for all~~positions held by the directors ~~as such shall be approved by the general meeting~~on the board, their membership of board committees and ~~shall be maintained until a modification is approved~~any other objective circumstances that the board may consider appropriate. The board shall also decide on the timing of successive payments.

The directors' remuneration shall in any case be reasonably aligned with the importance of the company, its economic situation from time to time and the market standards of comparable companies. The remuneration system established shall focus on promoting the long-term yield and sustainability of the company and shall contemplate such precautions as may be necessary to avoid excessive exposure to risk or rewarding unfavourable results.

The remuneration policy for directors shall comply with all applicable provisions on the remuneration system in the articles of association and shall be approved by the general meeting at least every three years as a separate item on the agenda.

Regardless of the nature of their legal relationship with the company, directors with executive duties in the company shall be entitled to remuneration for the performance of such duties on the terms established by the board of directors in accordance with the remuneration policy for directors in place from time to time. The relationship between the company and its executive directors shall be set down in a contract, which must be approved by the Board in the manner and with the majorities stipulated in law.

In addition and independently of the remuneration contemplated in the preceding paragraphs, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares of the company or any other companies in its group. Nevertheless, the use of those remuneration systems shall be decided by the general meeting, in the form and on the terms and conditions stipulated in law.

If the executive directors waive the ~~share in the profits~~remuneration to which they are entitled for their duties as directors~~,~~ (that is, for their supervisory and other non-executive duties), the ~~sums~~fixed remuneration that would correspond to them ~~as a share in the company's profits~~ will not be distributed among the remaining directors."

~~The same regulation is also contained in Article 41 of the Regulations of the Board.~~

3. Principles governing directors' remuneration

The Directors' Remuneration Policy is based on the following principles (which in turn correspond to those of the relevant good governance recommendations):

(i) Directors shall be remunerated according to their duties, responsibilities and dedication. This remuneration shall be such as to retain talent and acknowledge the directors' track record.

(ii) The remuneration shall be set according to the importance of the company, its economic situation from time to time and comparable market standards.

(iii) Directors' remuneration should be reasonable without compromising their independence of judgement, especially that of non-executive directors.

(iv) The remuneration system of directors, especially that of executive directors for their executive duties, shall be designed to boost the company's long-term sustainability and profitability and maximise its value for the benefit of all its shareholders, avoiding excessive exposure to risks and reward for unfavourable results. In this regard, an attractive remuneration system has been designed for executive directors (and other senior executives of the Group) with a view to attracting and retaining talent and professional worth on the one hand, and securing an adequate balance between Group results and risk exposure on the other.

4. Process for determining the Directors' Remuneration Policy

According to the regulation in laws and the articles of association, the Nomination and Remuneration Committee submits proposals to the Board on the directors' remuneration policy, and the individual remuneration and other terms of contract of the executive directors, overseeing compliance.

Accordingly, based on the regulation in laws and the articles of association and the principles set out above, the company's Nomination and Remuneration Committee prepares a proposed Directors' Remuneration Policy and submits it to the Board for consideration, together with the corresponding report. The Board must then decide whether to table a motion for its approval at the General Meeting, pursuant to section 529 novodecies of the Corporate Enterprises Act.

On 25 April 2018, the Nomination and Remuneration Committee assessed and resolved to submit this Directors' Remuneration Policy to the Board. At a meeting on the same date, the Board resolved to submit it for approval at the Annual General Meeting 2018.

Subsequently, on 30 April 2019, the Nomination and Remuneration Committee assessed and resolved to submit to the Board the amendment to this Directors' Remuneration Policy. At a meeting on the same date, the Board resolved to submit the proposed amendment for approval at the Annual General Meeting to be held in June 2019.

5. <u>Remuneration of the directors as such</u>

5.1 Regulation in the Articles of Association

As mentioned earlier, Article 22 of the company's Articles of Association establishes the following principles regarding directors' remuneration for their duties as such:

- ~~Directors' remuneration shall consist each year in a share of up to two and a half per cent (2.5%) of the consolidated profits attributable to the company, although this sum may only be taken from the company's net profit and after setting aside such sums as may be necessary to meet the legal reserve requirements, fund any reserves that may be established in the articles of association, pay shareholders the minimum dividend established in prevailing legislation and meeting all and any other priority assignments required by law.~~

- <u>Directors' remuneration shall consist of a fixed allocation each year.</u>

- The General Meeting shall determine the ~~percentage applicable within the maximum established in the articles of association~~<u>fixed allocation each year</u>. The amount thus established shall remain in force until the General Meeting approves its modification.

- The Board shall distribute the aforesaid sum among its members each year<u> and determine the timing of its payment</u>.

- The directors will also be entitled to a fee for attending meetings of the governing bodies of the company, the amount of which will be established every year by the general meeting.

- The directors' remuneration shall in any case be reasonably aligned with the importance of the company, its economic situation from time to time and the market standards of comparable companies.

- The remuneration system established shall focus on promoting the long-term yield and sustainability of the company and shall contemplate such precautions as may be necessary to avoid excessive exposure to risk or rewarding unfavourable results.

- Whenever so approved by the General Meeting, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares of the company or any other companies in its group.

- It is expressly established that if the executive directors waive the ~~share in the profits~~<u>fixed allocation</u> to which they are entitled for their duties as directors, ~~the corresponding sums~~<u>that allocation</u> will not be distributed among the remaining directors.

Based on those regulations and the principles included in this Directors' Remuneration Policy, the Nomination and Remuneration Committee, pursuant to Article 25.4 of the Regulations of the Board: (i) studies, reports and prepares (for the Board to ~~decide~~

~~whether~~assess prior to laying it before the General Meeting for approval) the corresponding proposal for the remuneration of directors for their duties as such in each year, and (ii) prepares and proposes to the Board (which decides whether to submit it to the General Meeting for an advisory vote) the Annual Report on Directors' Remuneration contemplated in section 541 of the Corporate Enterprises Act.

5.2 Structure

The remuneration of the directors for their duties as such, according to the articles of association, consists of the following two parts:

~~a) Statutory Share~~

~~The share of profits established in the articles, known as the "Statutory Share" consists in a fixed amount decided by the general meeting, not exceeding the limit of two and a half per cent (2.5%) of the consolidated profits attributable to the company. Within that maximum limit, the general meeting shall determine the exact amount to be received by the directors as remuneration for their duties as such.~~

a) Fixed allocation

The fixed allocation is a fixed global amount for the Board as a whole, decided by the general meeting each year.

For 201~~7~~8, based on the proposal and favourable report ~~issued~~ by the Nomination and Remuneration Committee, the ~~b~~Board of ~~directors~~Directors has resolved to ~~table a motion~~propose at the Annual General Meeting (AGM) in ~~2018 to set the statutory share at~~ 2019 a fixed allocation of €2,728,053 ~~(which is 1.23% of the consolidated net profit attributed to the company in 2017).~~. That ~~sum~~ is ~~identical to~~ the same amount ~~established for~~that the ~~previous year~~Board has been receiving since 2016.

Once the amount has been set by the general meeting, the board distributes it among its members. That distribution is made according to the duties of each director on the Board and the different Committees and a scale set by the board. The current scale, set by the board in 2006 upon recommendation by the Nomination and Remuneration Committee, is as follows:

- Member of the Board of Directors: 1 point
- Chairman of the Board: 1 point
- Vice-Chairman of the Board: 0.5 points
- Member of the Executive Committee: 1 point
- Committees other than the Executive Committee:
  - Member of the Committee: 0.2 points

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- Chairman: 0.05 points per meeting
- Members: 0.03 points per meeting

So the total amount set by the board is divided by the total number of points, taking account of the time that the status of director (and committee member, where appropriate) has been maintained and the board and committee meetings held in each period of time. This gives the value per point (or portion of point). Once the points corresponding to each director are known, the ~~statutory share~~fixed allocation corresponding to each one is the result of multiplying their respective points (or portions of points) by the value of the point.

~~The statutory share is not variable, nor is it indexed to the performance of the company and/or its group. Although in the articles of association the statutory share is linked to the consolidated profits of the group headed by the company, that connection is limited to determining a percentage of that profit (2.5%) as the maximum amount of that remuneration. Provided that limit is respected, the statutory share is a non-variable remuneration (determined by the general meeting), independent of the consolidated profit.~~

~~In the company's opinion, this system means that the statutory share is somehow linked to the progress of the company and its group (in accordance with one of the principles of the Directors' Remuneration Policy), while respecting the good governance recommendation that variable remuneration indexed to the company's performance should be limited to executive directors.~~

b) Attendance fees for board and committee meetings

Directors (for their duties as such) also receive a fee for attending board meetings.

The general meeting sets the amount of those fees, which is submitted for approval together with the ~~statutory share~~fixed allocation.

For 201~~7~~8, based on the proposal and favourable report issued by the Nomination and Remuneration Committee, the board of directors has resolved to table a motion at the ~~Annual General Meeting (~~AGM~~)~~ in 201~~8~~9 to maintain the attendance fees at the same amounts as in previous years: €1,600 for attending board meetings and €800 for attending the different committee meetings.

No change is expected in the amounts of attendance fees payable to directors in the years covered by this Directors' Remuneration Policy. However, any potential changes will be expressly submitted to the general meeting for consideration, as stipulated in the articles of association.

c) Other pay items of directors for their duties as such

As mentioned earlier, the articles of association contemplate the possibility that, whenever so resolved by the general meeting with the formalities stipulated in law, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares of the company or any other companies in its group.

This notwithstanding, the company has not deemed fit to introduce this measure, considering that the present system of remunerating directors for their duties as such is in line with the principles of this Directors' Remuneration Policy and the relevant good governance recommendations applicable to the company.

~~Consequently~~Moreover, the company does not foresee introducing that type of system during the effective term of this Directors' Remuneration Policy. Were this possibility to be considered in the future, ~~compliance~~it would be necessary to comply with the applicable legal requirements ~~would be ensured~~ and ~~this Directors' Remuneration Policy~~, therefore, a specific resolution would have to be ~~modified accordingly.~~adopted by the General Meeting. Also in that ~~scenario~~case, the Nomination and Remuneration Committee and the Board of Directors would assess the convenience of tying that remuneration to an obligation of the directors as such to hold on to the shares they receive until they step down as directors, in accordance with the prevailing good governance recommendations.

In addition, in line with common practice in other comparable companies, the company has taken out and maintains in force a liability insurance policy for its directors and executives.

d) Other aspects regarding directors' relationship as such with the company

The directors do not receive any other remuneration or compensation from the company by virtue of their office as directors. In particular, the company does not make any contributions to pension funds or schemes in favour of board members.

The directors, as such, have no special commitments to the company in excess of those corresponding to them as directors, as stipulated in law, articles of association and regulations. So beyond the applicable provisions of law, articles of association and regulations, the directors have no special obligations of exclusive dedication or no competition, even after they stand down as directors for whatsoever reason. They are, therefore, not entitled to any compensations for these concepts.

e) Transparency of the remunerations of directors for their duties as such

The individual amounts actually earned by each board member as director for each of the pay items described above are disclosed in the Annual Report on Directors' Remuneration published each year.

6. Remuneration of Executive Directors

6.1 Regulation in the Articles of Association

As mentioned earlier, Article 22 of the company's Articles of Association provides that, regardless of the nature of their legal relationship with the company, executive directors who perform executive duties will be entitled to remuneration for performing those duties, on the terms established by the board in accordance with the Directors' Remuneration Policy in place from time to time. In addition, pursuant to current legal provisions, the relationship between the company and its executive directors who perform executive duties shall be regulated in a contract, which must be approved by the board in the manner and with the majorities stipulated in law.

6.2 Structure

The remuneration of executive directors for performing executive duties shall consist of three pay items:

a) Annual non-variable remuneration

The non-variable remuneration of executive directors for the performance of executive duties is established in their contracts with the company.

The amount of that non-variable remuneration will be determined in each specific case according to the general principles set out in this Directors' Remuneration Policy (see section 3). The Nomination and Remuneration Committee submits the corresponding proposal and report to the board for this purpose (pursuant to Article 25.4 of the Regulations of the Board).

As a rule, the non-variable remuneration is subject to annual review, applying the general criteria resolved by the Board, based on an assessment and report by the Nomination and Remuneration Committee, for all the company executives. By exception, whenever the board considers this justified and following a proposal and favourable report by the Nomination and Remuneration Committee, the non-variable remuneration of executive directors for the performance of those executive duties may be submitted to an extraordinary review apart from the general review applicable for all company executives.

In 201~~7~~8, the non-variable remuneration of the only executive director of the company who performs executive duties was €1,~~027,384.59.~~040,900, of which €1,035,300 was paid in cash and €5,600 in kind, corresponding to private use of a company car. For 201~~8~~9, based on a proposal and favourable report by the Nomination and Remuneration Committee, the Board resolved to raise the annual non-variable cash remuneration of all the company's executives (including the executive director who performs executive duties) by ~~2~~1.5%.

The company does not foresee any review of the executive director's non-variable remuneration for the performance of executive duties during the effective term of this Directors' Remuneration Policy apart from those that are generally applicable to all company executives.

b) Short-term variable remuneration

Just as the other executives of the company, executive directors will be entitled to an annual variable remuneration (annual bonus) for performing those executive duties, in addition to the non-variable remuneration. This variable bonus will take account of the level of achievement of the targets set each year by the board, in view of a report by the Nomination and Remuneration Committee. This bonus is proportional to the level of achievement of the targets set, establishing a floor (below which variable remuneration is zero) and a ceiling (above which variable remuneration is capped at 150% of the non-variable remuneration).

For executive directors, the annual variable remuneration for executive duties is set by the board, in view of a proposal and report by the Nomination and Remuneration Committee, taking account of the level of achievement of the target set for the consolidated EBITDA of the Ebro Group in the budget for the year in question. Accordingly:

(i) If the consolidated EBITDA targets are fully met (100%), the annual variable remuneration of the executive director for performing those duties will be 100% of the non-variable remuneration.

(ii) If the consolidated EBITDA targets are exceeded, the annual variable remuneration of the executive director for performing those duties will be raised in proportion to the percentage fulfilment achieved (in excess of 100%). This increase is capped at 115%, so if the target is met in a proportion of 115% or over, the ordinary annual variable remuneration will be 150% of the non-variable remuneration. If the consolidated EBITDA targets are exceeded by between 100% and 115%, the ordinary annual variable remuneration will be raised proportionally.

(iii) If the consolidated EBITDA targets are not met, the ordinary annual variable remuneration of the executive director for performing those duties will be lowered in proportion to the percentage fulfilment achieved (below 100%), with a floor of 85%. Accordingly, if targets are met in a proportion of less than 85%, no ordinary annual variable remuneration will accrue. If the level of achievement of the consolidated EBITDA targets is between 100% and 85%, the annual variable remuneration will be lowered proportionally.

As an exception, considering any special dedication by the executive director in the performance of his executive duties and the current situation in the company or group, the board may, upon recommendation by the Nomination and Remuneration Committee, decide to raise the annual variable remuneration earned by the executive director for performance of his executive duties, although capped at all times at 150% of his non-variable remuneration.

The annual bonus of the executive director for performing those duties will be determined each year for the previous year, once the economic profit or loss of the company and its group is final and known. In view of those figures, the Nomination and Remuneration Committee will determine the level of achievement of the consolidated EBITDA target and, on the basis thereof (and considering such other circumstances, if any, as it may deem fit), it will submit the corresponding proposal to the board.

The level of achievement of the consolidated EBITDA target will be determined taking account of the effect on that value of any circumstances that were not considered when preparing the annual budget as they were not then known, such as changes in the Group's scope of consolidation (for example, the EBITDA contributed to the Group by companies acquired that were not considered in the preparation of the budget is not counted for this purpose), changes in the exchange rate applicable to any currency other than the euro or similar circumstances.

In 201~~8~~9, after determining the level of achievement of the consolidated EBITDA target set for ~~2017,~~2018, the Executive Chairman, as the only executive director who performs executive duties in the company, received a bonus of €~~1,015,985.00~~172,331.

At the date of preparing this Directors' Remuneration Policy and throughout the effective validity hereof, no changes are expected in the quantitative target (consolidated EBITDA) to which the annual variable remuneration of the executive directors for their executive duties is linked.

c) Deferred annual variable remuneration

Just as certain Group executives, executive directors performing executive duties will be entitled to participate in the Deferred Annual Bonus Schemes linked to fulfilment of the Group's strategic plans approved by the company's board of directors. According to the general conditions of those schemes, the aim is to secure and reward the loyalty of its key professionals.

~~Under~~In 2019, just as over recent three-year periods, the company intends to implement a Deferred Annual Bonus Scheme ~~in place at~~tied to the ~~date of approval of this Directors' Remuneration Policy~~Strategic Plan 2019-2021. In that Scheme, the executive director[1] participating in ~~that scheme is~~it will be entitled to receive, if appropriate, a deferred annual variable remuneration (deferred bonus) linked to the degree of achievement of the annual consolidated EBITDA and ROCE targets ~~established~~set in the Group's Strategic Plan ~~2016-2018~~2019-2021. Within those targets, in each year of the Scheme the consolidated EBITDA accounts for 80% of the deferred bonus and the consolidated ROCE accounts for the remaining 20%. In addition, part of the three-year bonus is subject to meeting the cumulative EBITDA over the three-year period and the global assessment of achievement of the Strategic Plan at the end of the period.

[1] At the date of preparing this Directors' Remuneration Policy, the company has a single executive director performing executive duties. It should be borne in mind that although the director Hercalianz Investing Group, S.L. is classified as an executive director (because it is represented on the company's board of directors by a group executive), it has never performed executive duties in Ebro Foods, S.A. or any subsidiary of the Group, so it has not received and does not receive any remuneration for the performance of executive duties.

~~Under~~Thus, under the Scheme, linked to the ~~strategic plan 2016-2018~~Strategic Plan 2019-2021, the remuneration accrued by the executive director each year will be calculated according to the following rules:

a) During each of the first two years of the three-year period, an annual variable remuneration will accrue, if appropriate, up to 25% of the total variable remuneration for the three-year period. In the last year, if appropriate, such remuneration will accrue up to the remaining 50%.

b) For this purpose, in the first two years of the period, the consolidated EBITDA (80%) and ROCE (20%) for each of those years will be determined and checked against the amounts estimated in the ~~strategic plan.~~ Strategic Plan, thus obtaining the degree of achievement. When determining the degree of achievement, the consolidated EBITDA represents 80% of the total bonus and the consolidated ROCE 20% of the total bonus corresponding to the executive director each year.

~~b)~~c) In the third year, 50% will be determined as follows: 25% based on the consolidated EBITDA and ROCE for that year ~~and the other 25% on the qualitative assessment of investments in inorganic growth made during the three-year period.~~(as in the previous two years) and the other 25% based on: (i) the aggregate consolidated EBITDA over the three-year period; and (ii) the qualitative assessment of global achievement of the Strategic Plan. In this last 25%, the cumulative EBITDA of the three-year period represents 50% of the total and the qualitative assessment of global achievement of the Strategic Plan represents the other 50%.

~~c)~~d) The Nomination and Remuneration Committee will determine the level of achievement of the consolidated EBITDA and ROCE targets. The Strategy and ~~make~~Investment Committee will be responsible for monitoring and assessment to determine the qualitative assessment of ~~investments in inorganic growth during~~achievement of the ~~three-year period, then~~Strategic Plan. Following assessment, that Committee will submit ~~the corresponding~~a proposal to the Nomination and Remuneration Committee, which will review the proposal received and in turn present to the Board such proposal as it may deem fit.

~~d)~~e) The level of achievement of the annual consolidated EBITDA and ROCE targets ~~each~~ and the three-year cumulative EBITDA will be determined considering the effect thereon, if any, of any circumstances that were not taken into account when preparing the ~~strategic plan~~Strategic Plan, not being known when it was prepared and approved, such as changes in the Group's scope of consolidation, changes in the exchange rate applicable to any currency other than the euro or similar circumstances.

~~e)~~f) The amounts accrued by the executive director in each year of the Scheme will be received with a time lag of one year. For example, any amounts corresponding to the executive director under the scheme for 201~~7~~9 will be determined in 20~~18~~20 (when the final earnings for 201~~7~~9 are available) and received in 2021~~9~~.

~~f)~~g) The sums thus accrued will only be received by the executive director participating in the Scheme if he is still in the Ebro Group at the date of payment (one year after they are determined), since the scheme aims to get beneficiaries to remain in the group for a certain period of time after determining the amount of this deferred bonus. In exceptional circumstances, the executive director will only be entitled to receive the bonus earlier: (i) if their employment relationship with the company ends during the period of the scheme owing to their death or a final declaration of total, absolute or major disability; or (ii) in the event of a takeover in the Group or any similar corporate operation.

Under the Scheme, the amount of the deferred variable remuneration will be:

(i) In the first two years of the Scheme:

a. If the consolidated EBITDA and ROCE targets are fully met (100%), the deferred bonus of the executive director for performing those duties in each year will be 100% of 25% (i.e. 25%) of the non-variable remuneration corresponding to the three-year period.

b. If the consolidated EBITDA and ROCE targets are exceeded in either of the first two years of the period, the deferred bonus of the executive director for performing those duties in each of those two years will be raised in proportion to the percentage fulfilment achieved (in excess of 100%), up to the limit of 125%. Accordingly, if the targets are met in a proportion of 125% or over, the deferred variable remuneration accrued under the Scheme in that year will be 125% of 25% (i.e. 31.25%) of the non-variable remuneration corresponding to the three-year period.

c. If the consolidated EBITDA and ROCE targets are not met in either of the first two years of the period, the deferred annual variable remuneration of the executive director for performing those duties in each of those two years will be lowered in proportion to the percentage fulfilment achieved (below 100%), with a floor of 85%. Accordingly, if targets are met in a proportion of less than 85%, no deferred variable remuneration will accrue under the Scheme.

(ii) In the third, final year of the Scheme:

a. If the consolidated EBITDA and ROCE targets are met that year, 25% of the non-variable remuneration for the three-year period will accrue, the provisions of paragraph (i) above being applicable for this purpose.

b. The final 25% of the non-variable remuneration for the three-year period will accrue, if appropriate, ~~in the third year in the percentage determined~~

~~by the board in view of the qualitative assessment of investments in inorganic growth made during the three-year period.~~as follows:

i. Fifty per cent (50%) according to the degree of achievement of the three-year cumulative consolidated EBITDA target, applying the same rules on over- and under-achievement set out in (i) above.

ii. And the remaining fifty per cent (50%) in the proportion determined by the board, taking into consideration the global assessment of achievement of all the targets established in the Strategic Plan.

That qualitative assessment will be made by the board, after receiving a proposal and report from: (i) the Strategy and Investment Committee; and (ii) the Nomination and Remuneration Committee, considering ~~(for each of the investments made during the period of the Scheme) aspects such as the purchase price, existing synergies and evolution of the acquisition. Those aspects are weighted according to the relative importance of the investment in question~~the degree of achievement of the targets (other than EBITDA) defined in the Strategic Plan.

(iii) The board is authorised to adopt such resolutions as may be necessary to ensure that if a corporate operation or event or any other extraordinary circumstance were to occur that might affect the calculation of the amount of the deferred annual remuneration, the gross remuneration will be equivalent to the amount that would have corresponded to the executive director had that circumstance not existed.

(iv) The scheme includes a clawback clause whereby the board may require directors to repay all or part of any deferred bonus paid under the scheme when it considers such amounts to have been unduly paid, either because the amounts paid under the scheme do not correspond to the degree of fulfilment of the required targets, or because they were calculated on the basis of data subsequently proved to be misstated.

It should be remembered, in this respect, that the scheme is structured in such a way as to ensure that the deferred bonus for any of the years of the scheme will be paid 11 months after it is calculated (after determining the degree of fulfilment of the targets). Consequently, by the date of payment sufficient time has passed to be able to appreciate any inaccuracies or errors in the information on which the calculations of amounts payable are based.

~~In 2018,~~After the ~~only executive director who performs executive duties in the company has received the sum of €804,651.41, corresponding to the deferred bonus for 2016.~~

~~In addition, after checking that the targets for 2017 were met, a provision was made at year~~ end ~~2017 in a sum of €788 thousand, as a provisional estimate of the deferred bonus payable that year to the only executive director who performs executive duties in the company. That amount, which is 25% of the bonus for 2016-2018, will be payable (if appropriate) in 2019.~~

~~At the date of approving this Directors' Remuneration Policy, the company plans to establish a new~~of the Deferred Annual Bonus Scheme linked to the ~~future strategic plan 2019-2020, in terms substantially the same as those of the current scheme~~Strategic Plan 2019-2021, a new Scheme is expected to be approved linked to the ~~strategic plan 2016-2018, described above. The current~~ Strategic Plan 2022-2024, in which the executive director will participate ~~in future schemes~~ as long as he continues to hold that status.

d) Other pay items of executive directors for performing executive duties

Executive directors do not receive any remuneration for performing their executive duties other than those described above. In particular, the company does not make contributions to pension funds or schemes in favour of executive directors.

This notwithstanding:

(i) Executive directors may receive payment in kind to the extent of private use made of the company car allocated to th~~i~~em. In this regard, the value of the payment in kind received in 201~~7~~8 by the only executive director for the performance of those duties~~, in a sum of €12,384.59, is already included in the amount of his non-variable remuneration under this Directors' Remuneration Policy;~~ was €5,600, as indicated above.

(ii) Executive directors on the boards of other Group companies, or any in which this company (or any other company of the Group) has a shareholding interest, when that position is remunerated, will receive the remuneration corresponding to them for those directorships.

In addition, the company has a Flexible Remuneration Scheme, through which it is possible to design the composition of remuneration of the beneficiaries of the scheme, including the executive directors. That Flexible Remuneration Scheme allows its beneficiaries to receive part of their remuneration in the form of products and services previously selected by the company, the amount of which is discounted from the beneficiary's gross salary and they are instead allocated the income in kind corresponding to the product or service. These products and services include a group medical insurance, housing rental, nursery, vehicle hire/lease and training of the employee. This ~~payment in kind~~flexible remuneration does not entail additional remuneration to that received by the executive director for performing executive duties, since the amounts paid by the company to the corresponding service providers are deducted from that remuneration.

The remuneration of the only executive director who performs executive duties does not include any pay indexed to the value of the company's share or involve the receipt of any shares or other rights over such shares. The special status of controlling shareholder of the only executive director who performs executive duties should be borne in mind in this regard.

e) Other aspects concerning the relationship of executive directors with the company by virtue of their performance of executive duties

The principal terms of the executive director's contract with the company (for his executive duties) are:

- The term of the contract is indefinite
- Three months' notice is required for voluntary termination of contract
- No termination benefits are included
- No continued service or post-contract no competition clauses are included

The special relationship of the only executive director of the company at present who performs executive duties as controlling shareholder of the company should be born in mind with regard to the last two conditions indicated.

6.3 Aspects to be considered in the event of future incorporation of other executive directors

The present remuneration system of executive directors for performing executive duties and other aspects of their contractual relationship with the company take into account that the only executive director[2] who performs those duties is a controlling shareholder of the company.

Consequently, if any new executive directors performing executive duties were to join the company during the effective term of this Directors' Remuneration Policy, it might be necessary to review some of those aspects, such as: (i) the establishment of continued service and/or no competition clauses (and the corresponding remuneration); or (ii) the inclusion in their remuneration of items indexed to the value of the company's share or that involve receiving shares or any other right over those shares.

7. Validity

Pursuant to section 529 novodecies of the Corporate Enterprises Act, ~~once it has been approved at the Annual General Meeting to be held in 2018,~~ this Directors' Remuneration Policy will be effective for ~~the following three years~~2019, 2020 and 2021, without prejudice to its possible modification or replacement during that time, subject to approval by the general meeting.

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[2] See nota 1 above.

Annex 2

Specific report by the Nomination and Remuneration Committee

SPECIFIC REPORT BY THE NOMINATION AND REMUNERATION COMMITTEE OF EBRO FOODS, S.A. ON THE PROPOSED AMENDMENT OF THE DIRECTORS' REMUNERATION POLICY 2019-2021

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1. Introduction

Section 529 novodecies of the Corporate Enterprises Act establishes the obligation of listed companies to have a directors' remuneration policy approved by the General Meeting of Shareholders at least every three years under a separate item on the agenda.

The proposed Remuneration Policy, which the Board of Directors will submit for approval at the AGM, must be accompanied by a specific report by the Nomination and Remuneration Committee. Both the proposed Policy and the specific report by the Committee must be made available to shareholders on the company's website as from the date of calling the AGM. The same procedure must be observed in the event of amendment or replacement of the Remuneration Policy in place from time to time.

At the Annual General Meeting (AGM) held on 5 June 2018, the company's shareholders approved the Remuneration Policy for Directors for the period 2019-2021, proposed by the Board of Directors after assessment and a report by the Nomination and Remuneration Committee.

In 2019:

a) A motion is to be tabled at the AGM to alter Article 22 of the Articles of Association on the remuneration of directors, in the part corresponding to the remuneration of directors for their duties as such (that is, for the supervisory and other non-executive duties performed by the directors); and

b) The Board will agree on a new Deferred Annual Bonus Scheme tied to the Strategic Plan 2019-2021, in which the Executive Chairman participates (as the only executive director performing executive duties in the Company and its Group). The new Scheme is expected to include certain changes in respect of the now concluded Deferred Annual Bonus Scheme tied to the Strategic Plan 2016-2018.

Both of these changes require the corresponding amendment of the Directors' Remuneration Policy for 2019, 2020 and 2021 to: (i) adapt it to the new regulation in the Articles of Association of the system of remuneration of directors for their duties as such; and (ii) incorporate the new Deferred Annual Bonus Scheme within that Policy.

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2. Report

The proposed amendment has a dual purpose:

- Adapt the policy to the alteration of Article 22 of the Articles of Association on the remuneration of directors, exclusively affecting the system of remuneration of directors for their duties as such, i.e. for their supervisory and other non-executive duties.

  At the Annual General Meeting to be held on 4 June 2019 (on first call, or if necessary on second call the following day), the shareholders will assess whether to approve the alteration of Article 22 on the terms proposed by the Board of Directors. As explained in the report on that alteration, it is intended to modify the system of remuneration of the company directors for their duties as such, replacing the current system consisting of: (i) a fixed allocation for the entire Board; and (ii) attendance fees.

  Assuming that the aforesaid alteration will be approved at the AGM, the amendment of the directors' remuneration policy contemplated in this item is merely to adjust accordingly the part of the policy referring to the directors' remuneration for their duties as such.

  In this regard, the necessary adaptation is very limited because in practice, the system currently in place already comprises a fixed sum determined by the General Meeting for the entire Board (which then distributes that sum among its members), so the amendment of the policy on this point is essentially a formal amendment, not a substantive one.

  The amendment of the policy adapts the regulation of the directors' remuneration for their duties as such to the new system for determining that remuneration (deriving from the alteration of Article 22 of the Articles of Association). It should be noted that said alteration refers exclusively to the "statutory share" (which will hereafter be a "fixed allocation") and does not affect the attendance fees, which will continue to be governed by the same regulation.

- Amend the policy in the part regulating the Deferred Annual Bonus Scheme in which the Executive Chairman participates.

  In this regard, the amendment to the policy is intended to define the changes in the Scheme for the three-year period 2019-2021, since certain changes are to be made in the Scheme tied to the Strategic Plan 2019-2021 in respect of the previous Scheme tied to the Strategic Plan 2016-2018, which has now ended.

  In particular, the change in the Scheme affects the determination of the remuneration corresponding to the last year of the Scheme. The previous Scheme contemplated remuneration in the final year of the Plan as a potential accrual of 50% of the total bonus for the three-year period, half of which (25%) was linked to the ROCE and EBITDA targets of the Strategic Plan for that year (as in the previous two years) and the other 25% to the assessment of inorganic investments made over the three-year period.

The modification proposed for the new Deferred Annual Bonus Scheme tied to the Strategic Plan 2019-2021 only affects this final 25%, which would cease to be linked to the assessment of inorganic investments and accrue according to: (i) the degree of achievement of the three-year cumulative EBITDA according to the Strategic Plan (accounting for 50%) and (ii) the general assessment of achievement of the Strategic Plan, to be assessed by the Strategy and Investment Committee (accounting for 50%).

In short, the policy would be amended as necessary to include this modification to the Deferred Annual Bonus Scheme tied to the Strategic Plan 2019-2021.

7. Validity

The proposed amendment would not alter the effective period of the Remuneration Policy 2019-2021, which remains in full force and effect, with the amendments described, up to 2021.

Any further amendment or replacement of this Policy during its effective period will require prior approval by the General Meeting of Shareholders.

3. Conclusions

The Nomination and Remuneration Committee considers that the proposed amendment of the policy is adequate, in view of its purpose, and is aligned with the interests of the Company, its shareholders and other stakeholders.

Accordingly, the Nomination and Remuneration Committee submits this report to the Board of Directors for consideration and for the latter, in turn, to submit the amendment of the Directors' Remuneration Policy 2019-2021 for approval at the Annual General Meeting in pursuance of the current legal requirements.

Madrid, 30 April 2019.

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Annex 3

Consolidated text of the Directors' Remuneration Policy 2019-2021

REMUNERATION POLICY FOR DIRECTORS OF EBRO FOODS, S.A. 2019-2021

2018

1. Introduction

Legislative Royal Decree 1/2010 of 3 July approving the recast Corporate Enterprises Act following the changes made by Act 31/2014 of 3 December amending the Corporate Enterprises Act to enhance Corporate Governance ("**Corporate Enterprises Act**") contemplates the obligation of listed companies to have a directors' remuneration policy (the "**Directors' Remuneration Policy**").

The Corporate Enterprises Act, section 529 novodecies, provides inter alia that the Directors' Remuneration Policy:

(i) shall be in keeping, as appropriate, with the remuneration system established in the articles of association;

(ii) shall be approved by the General Meeting of Shareholders at least every three years and be put to the vote in a separate item on the agenda;

(iii) and once approved by the General Meeting, shall remain in force for three years after the year of its approval.

Pursuant to the transitional provisions contained in Act 31/2014, Ebro Foods, S.A. ("**Ebro**" or the "**Company**") submitted the Annual Report on Directors' Remuneration for approval in an advisory vote at the AGM held on 3 June 2015. As it was approved, the remuneration policy set out in that report was also approved and remained in force for the following three years, i.e. 2016, 2017 and 2018.

Accordingly, and to ensure that the company will (pursuant to the Corporate Enterprises Act, section 529 novodecies) have a Remuneration Policy approved by the General Meeting for the next three years, this new Remuneration Policy, which will be valid (unless modified with approval by the General Meeting) for the years 2019, 2020 and 2021, is to be submitted for approval at the Annual General Meeting in 2018.

2. Internal regulation on directors' remuneration

Based on the legal regulation of directors' remuneration, both as such and for their executive duties, the basic internal regulation of directors' remuneration is set out in Article 22 of the Articles of Association, which provides as follows:

"*Remuneration of all the board members for their duties as such (that is, for their supervisory and other non-executive duties) shall comprise: (i) a fixed annual allocation; and (ii) fees for attending meetings of the company's corporate bodies. Both the fixed annual allocation for the board as a whole and the amount of attendance fees shall be determined by the general meeting and shall remain in force until a resolution is passed to change them. The board of directors shall distribute each year among its members the fixed sum established by the general meeting, taking into account the positions held by the directors on the board, their membership of board committees and any other objective circumstances that the board may consider appropriate. The board shall also decide on the timing of successive payments.*

The directors' remuneration shall in any case be reasonably aligned with the importance of the company, its economic situation from time to time and the market standards of comparable companies. The remuneration system established shall focus on promoting the long-term yield and sustainability of the company and shall contemplate such precautions as may be necessary to avoid excessive exposure to risk or rewarding unfavourable results.

The remuneration policy for directors shall comply with all applicable provisions on the remuneration system in the articles of association and shall be approved by the general meeting at least every three years as a separate item on the agenda.

Regardless of the nature of their legal relationship with the company, directors with executive duties in the company shall be entitled to remuneration for the performance of such duties on the terms established by the board of directors in accordance with the remuneration policy for directors in place from time to time. The relationship between the company and its executive directors shall be set down in a contract, which must be approved by the Board in the manner and with the majorities stipulated in law.

In addition and independently of the remuneration contemplated in the preceding paragraphs, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares of the company or any other companies in its group. Nevertheless, the use of those remuneration systems shall be decided by the general meeting, in the form and on the terms and conditions stipulated in law.

If the executive directors waive the remuneration to which they are entitled for their duties as directors (that is, for their supervisory and other non-executive duties), the fixed remuneration that would correspond to them will not be distributed among the remaining directors."

3. Principles governing directors' remuneration

The Directors' Remuneration Policy is based on the following principles (which in turn correspond to those of the relevant good governance recommendations):

(i) Directors shall be remunerated according to their duties, responsibilities and dedication. This remuneration shall be such as to retain talent and acknowledge the directors' track record.

(ii) The remuneration shall be set according to the importance of the company, its economic situation from time to time and comparable market standards.

(iii) Directors' remuneration should be reasonable without compromising their independence of judgement, especially that of non-executive directors.

(iv) The remuneration system of directors, especially that of executive directors for their executive duties, shall be designed to boost the company's long-term sustainability and profitability and maximise its value for the benefit of all its shareholders, avoiding excessive exposure to risks and reward for unfavourable results. In this regard, an attractive remuneration system has been designed for executive directors (and other senior executives of the Group) with a view to attracting and retaining talent and professional worth on the one hand, and securing an adequate balance between Group results and risk exposure on the other.

4. Process for determining the Directors' Remuneration Policy

According to the regulation in laws and the articles of association, the Nomination and Remuneration Committee submits proposals to the Board on the directors' remuneration policy, and the individual remuneration and other terms of contract of the executive directors, overseeing compliance.

Accordingly, based on the regulation in laws and the articles of association and the principles set out above, the company's Nomination and Remuneration Committee prepares a proposed Directors' Remuneration Policy and submits it to the Board for consideration, together with the corresponding report. The Board must then decide whether to table a motion for its approval at the General Meeting, pursuant to section 529 novodecies of the Corporate Enterprises Act.

On 25 April 2018, the Nomination and Remuneration Committee assessed and resolved to submit this Directors' Remuneration Policy to the Board. At a meeting on the same date, the Board resolved to submit it for approval at the Annual General Meeting 2018.

Subsequently, on 30 April 2019, the Nomination and Remuneration Committee assessed and resolved to submit to the Board the amendment to this Directors' Remuneration Policy. At a meeting on the same date, the Board resolved to submit the proposed amendment for approval at the Annual General Meeting to be held in June 2019.

5. Remuneration of the directors as such

5.1 Regulation in the Articles of Association

As mentioned earlier, Article 22 of the company's Articles of Association establishes the following principles regarding directors' remuneration for their duties as such:

- Directors' remuneration shall consist of a fixed allocation each year.
- The General Meeting shall determine the fixed allocation each year. The amount thus established shall remain in force until the General Meeting approves its modification.
- The Board shall distribute the aforesaid sum among its members each year and determine the timing of its payment.
- The directors will also be entitled to a fee for attending meetings of the governing bodies of the company, the amount of which will be established every year by the general meeting.

- The directors' remuneration shall in any case be reasonably aligned with the importance of the company, its economic situation from time to time and the market standards of comparable companies.

- The remuneration system established shall focus on promoting the long-term yield and sustainability of the company and shall contemplate such precautions as may be necessary to avoid excessive exposure to risk or rewarding unfavourable results.

- Whenever so approved by the General Meeting, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares of the company or any other companies in its group.

- It is expressly established that if the executive directors waive the fixed allocation to which they are entitled for their duties as directors, that allocation will not be distributed among the remaining directors.

Based on those regulations and the principles included in this Directors' Remuneration Policy, the Nomination and Remuneration Committee, pursuant to Article 25.4 of the Regulations of the Board: (i) studies, reports and prepares (for the Board to assess prior to laying it before the General Meeting for approval) the corresponding proposal for the remuneration of directors for their duties as such in each year, and (ii) prepares and proposes to the Board (which decides whether to submit it to the General Meeting for an advisory vote) the Annual Report on Directors' Remuneration contemplated in section 541 of the Corporate Enterprises Act.

5.2 Structure

The remuneration of the directors for their duties as such, according to the articles of association, consists of the following two parts:

a) Fixed allocation

The fixed allocation is a fixed global amount for the Board as a whole, decided by the general meeting each year.

For 2018, based on the proposal and favourable report by the Nomination and Remuneration Committee, the Board of Directors has resolved to propose at the Annual General Meeting (AGM) in 2019 a fixed allocation of €2,728,053. That is the same amount that the Board has been receiving since 2016.

Once the amount has been set by the general meeting, the board distributes it among its members. That distribution is made according to the duties of each director on the Board and the different Committees and a scale set by the board. The current scale, set by the board in 2006 upon recommendation by the Nomination and Remuneration Committee, is as follows:

- Member of the Board of Directors: 1 point

- Chairman of the Board: 1 point

- Vice-Chairman of the Board: 0.5 points
- Member of the Executive Committee: 1 point
- Committees other than the Executive Committee:
    - Member of the Committee: 0.2 points
    - Chairman: 0.05 points per meeting
    - Members: 0.03 points per meeting

So the total amount set by the board is divided by the total number of points, taking account of the time that the status of director (and committee member, where appropriate) has been maintained and the board and committee meetings held in each period of time. This gives the value per point (or portion of point). Once the points corresponding to each director are known, the fixed allocation corresponding to each one is the result of multiplying their respective points (or portions of points) by the value of the point.

b) Attendance fees for board and committee meetings

Directors (for their duties as such) also receive a fee for attending board meetings.

The general meeting sets the amount of those fees, which is submitted for approval together with the fixed allocation.

For 2018, based on the proposal and favourable report issued by the Nomination and Remuneration Committee, the board of directors has resolved to table a motion at the AGM in 2019 to maintain the attendance fees at the same amounts as in previous years: €1,600 for attending board meetings and €800 for attending the different committee meetings.

No change is expected in the amounts of attendance fees payable to directors in the years covered by this Directors' Remuneration Policy. However, any potential changes will be expressly submitted to the general meeting for consideration, as stipulated in the articles of association.

c) Other pay items of directors for their duties as such

As mentioned earlier, the articles of association contemplate the possibility that, whenever so resolved by the general meeting with the formalities stipulated in law, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares of the company or any other companies in its group.

This notwithstanding, the company has not deemed fit to introduce this measure, considering that the present system of remunerating directors for their duties as such is in line with the principles of this Directors' Remuneration Policy and the relevant good governance recommendations applicable to the company.

Moreover, the company does not foresee introducing that type of system during the effective term of this Directors' Remuneration Policy. Were this possibility to be considered in the future, it would be necessary to comply with the applicable legal requirements and, therefore, a specific resolution would have to be adopted by the General Meeting. Also in that case, the Nomination and Remuneration Committee and the Board of Directors would assess the convenience of tying that remuneration to an obligation of the directors as such to hold on to the shares they receive until they step down as directors, in accordance with the prevailing good governance recommendations.

In addition, in line with common practice in other comparable companies, the company has taken out and maintains in force a liability insurance policy for its directors and executives.

d) <u>Other aspects regarding directors' relationship as such with the company</u>

The directors do not receive any other remuneration or compensation from the company by virtue of their office as directors. In particular, the company does not make any contributions to pension funds or schemes in favour of board members.

The directors, as such, have no special commitments to the company in excess of those corresponding to them as directors, as stipulated in law, articles of association and regulations. So beyond the applicable provisions of law, articles of association and regulations, the directors have no special obligations of exclusive dedication or no competition, even after they stand down as directors for whatsoever reason. They are, therefore, not entitled to any compensations for these concepts.

e) <u>Transparency of the remunerations of directors for their duties as such</u>

The individual amounts actually earned by each board member as director for each of the pay items described above are disclosed in the Annual Report on Directors' Remuneration published each year.

6. <u>Remuneration of Executive Directors</u>

6.1 Regulation in the Articles of Association

As mentioned earlier, Article 22 of the company's Articles of Association provides that, regardless of the nature of their legal relationship with the company, executive directors who perform executive duties will be entitled to remuneration for performing those duties, on the terms established by the board in accordance with the Directors' Remuneration Policy in place from time to time. In addition, pursuant to current legal provisions, the relationship between the company and its executive directors who perform executive duties shall be regulated in a contract, which must be approved by the board in the manner and with the majorities stipulated in law.

6.2 Structure

The remuneration of executive directors for performing executive duties shall consist of three pay items:

a) Annual non-variable remuneration

The non-variable remuneration of executive directors for the performance of executive duties is established in their contracts with the company.

The amount of that non-variable remuneration will be determined in each specific case according to the general principles set out in this Directors' Remuneration Policy (see section 3). The Nomination and Remuneration Committee submits the corresponding proposal and report to the board for this purpose (pursuant to Article 25.4 of the Regulations of the Board).

As a rule, the non-variable remuneration is subject to annual review, applying the general criteria resolved by the Board, based on an assessment and report by the Nomination and Remuneration Committee, for all the company executives. By exception, whenever the board considers this justified and following a proposal and favourable report by the Nomination and Remuneration Committee, the non-variable remuneration of executive directors for the performance of those executive duties may be submitted to an extraordinary review apart from the general review applicable for all company executives.

In 2018, the non-variable remuneration of the only executive director of the company who performs executive duties was €1,040,900, of which €1,035,300 was paid in cash and €5,600 in kind, corresponding to private use of a company car. For 2019, based on a proposal and favourable report by the Nomination and Remuneration Committee, the Board resolved to raise the annual non-variable cash remuneration of all the company's executives (including the executive director who performs executive duties) by 1.5%.

The company does not foresee any review of the executive director's non-variable remuneration for the performance of executive duties during the effective term of this Directors' Remuneration Policy apart from those that are generally applicable to all company executives.

b) Short-term variable remuneration

Just as the other executives of the company, executive directors will be entitled to an annual variable remuneration (annual bonus) for performing those executive duties, in addition to the non-variable remuneration. This variable bonus will take account of the level of achievement of the targets set each year by the board, in view of a report by the Nomination and Remuneration Committee. This bonus is proportional to the level of achievement of the targets set, establishing a floor (below which variable remuneration is zero) and a ceiling (above which variable remuneration is capped at 150% of the non-variable remuneration).

For executive directors, the annual variable remuneration for executive duties is set by the board, in view of a proposal and report by the Nomination and Remuneration Committee, taking account of the level of achievement of the target set for the consolidated EBITDA of the Ebro Group in the budget for the year in question. Accordingly:

(i) If the consolidated EBITDA targets are fully met (100%), the annual variable remuneration of the executive director for performing those duties will be 100% of the non-variable remuneration.

(ii) If the consolidated EBITDA targets are exceeded, the annual variable remuneration of the executive director for performing those duties will be raised in proportion to the percentage fulfilment achieved (in excess of 100%). This increase is capped at 115%, so if the target is met in a proportion of 115% or over, the ordinary annual variable remuneration will be 150% of the non-variable remuneration. If the consolidated EBITDA targets are exceeded by between 100% and 115%, the ordinary annual variable remuneration will be raised proportionally.

(iii) If the consolidated EBITDA targets are not met, the ordinary annual variable remuneration of the executive director for performing those duties will be lowered in proportion to the percentage fulfilment achieved (below 100%), with a floor of 85%. Accordingly, if targets are met in a proportion of less than 85%, no ordinary annual variable remuneration will accrue. If the level of achievement of the consolidated EBITDA targets is between 100% and 85%, the annual variable remuneration will be lowered proportionally.

As an exception, considering any special dedication by the executive director in the performance of his executive duties and the current situation in the company or group, the board may, upon recommendation by the Nomination and Remuneration Committee, decide to raise the annual variable remuneration earned by the executive director for performance of his executive duties, although capped at all times at 150% of his non-variable remuneration.

The annual bonus of the executive director for performing those duties will be determined each year for the previous year, once the economic profit or loss of the company and its group is final and known. In view of those figures, the Nomination and Remuneration Committee will determine the level of achievement of the consolidated EBITDA target and, on the basis thereof (and considering such other circumstances, if any, as it may deem fit), it will submit the corresponding proposal to the board.

The level of achievement of the consolidated EBITDA target will be determined taking account of the effect on that value of any circumstances that were not considered when preparing the annual budget as they were not then known, such as changes in the Group's scope of consolidation (for example, the EBITDA contributed to the Group by companies acquired that were not considered in the preparation of the budget is not counted for this purpose), changes in the exchange rate applicable to any currency other than the euro or similar circumstances.

In 2019, after determining the level of achievement of the consolidated EBITDA target set for 2018, the Executive Chairman, as the only executive director who performs executive duties in the company, received a bonus of €172,331.

At the date of preparing this Directors' Remuneration Policy and throughout the effective validity hereof, no changes are expected in the quantitative target (consolidated EBITDA) to which the annual variable remuneration of the executive directors for their executive duties is linked.

c) Deferred annual variable remuneration

Just as certain Group executives, executive directors performing executive duties will be entitled to participate in the Deferred Annual Bonus Schemes linked to fulfilment of the Group's strategic plans approved by the company's board of directors. According to the general conditions of those schemes, the aim is to secure and reward the loyalty of its key professionals.

In 2019, just as over recent three-year periods, the company intends to implement a Deferred Annual Bonus Scheme tied to the Strategic Plan 2019-2021. In that Scheme, the executive director[3] participating in it will be entitled to receive, if appropriate, a deferred annual variable remuneration (deferred bonus) linked to the degree of achievement of the annual consolidated EBITDA and ROCE targets set in the Group's Strategic Plan 2019-2021. Within those targets, in each year of the Scheme the consolidated EBITDA accounts for 80% of the deferred bonus and the consolidated ROCE accounts for the remaining 20%. In addition, part of the three-year bonus is subject to meeting the cumulative EBITDA over the three-year period and the global assessment of achievement of the Strategic Plan at the end of the period.

Thus, under the Scheme, linked to the Strategic Plan 2019-2021, the remuneration accrued by the executive director each year will be calculated according to the following rules:

a) During each of the first two years of the three-year period, an annual variable remuneration will accrue, if appropriate, up to 25% of the total variable remuneration for the three-year period. In the last year, if appropriate, such remuneration will accrue up to the remaining 50%.

b) For this purpose, in the first two years of the period, the consolidated EBITDA (80%) and ROCE (20%) for each of those years will be determined and checked

[3] At the date of preparing this Directors' Remuneration Policy, the company has a single executive director performing executive duties. It should be borne in mind that although the director Hercalianz Investing Group, S.L. is classified as an executive director (because it is represented on the company's board of directors by a group executive), it has never performed executive duties in Ebro Foods, S.A. or any subsidiary of the Group, so it has not received and does not receive any remuneration for the performance of executive duties.

against the amounts estimated in the Strategic Plan, thus obtaining the degree of achievement. When determining the degree of achievement, the consolidated EBITDA represents 80% of the total bonus and the consolidated ROCE 20% of the total bonus corresponding to the executive director each year.

c) In the third year, 50% will be determined as follows: 25% based on the consolidated EBITDA and ROCE for that year (as in the previous two years) and the other 25% based on: (i) the aggregate consolidated EBITDA over the three-year period; and (ii) the qualitative assessment of global achievement of the Strategic Plan. In this last 25%, the cumulative EBITDA of the three-year period represents 50% of the total and the qualitative assessment of global achievement of the Strategic Plan represents the other 50%.

d) The Nomination and Remuneration Committee will determine the level of achievement of the consolidated EBITDA and ROCE targets. The Strategy and Investment Committee will be responsible for monitoring and assessment to determine the qualitative assessment of achievement of the Strategic Plan. Following assessment, that Committee will submit a proposal to the Nomination and Remuneration Committee, which will review the proposal received and in turn present to the Board such proposal as it may deem fit.

e) The level of achievement of the annual consolidated EBITDA and ROCE targets and the three-year cumulative EBITDA will be determined considering the effect thereon, if any, of any circumstances that were not taken into account when preparing the Strategic Plan, not being known when it was prepared and approved, such as changes in the Group’s scope of consolidation, changes in the exchange rate applicable to any currency other than the euro or similar circumstances.

f) The amounts accrued by the executive director in each year of the Scheme will be received with a time lag of one year. For example, any amounts corresponding to the executive director under the scheme for 2019 will be determined in 2020 (when the final earnings for 2019 are available) and received in 2021.

g) The sums thus accrued will only be received by the executive director participating in the Scheme if he is still in the Ebro Group at the date of payment (one year after they are determined), since the scheme aims to get beneficiaries to remain in the group for a certain period of time after determining the amount of this deferred bonus. In exceptional circumstances, the executive director will only be entitled to receive the bonus earlier: (i) if their employment relationship with the company ends during the period of the scheme owing to their death or a final declaration of total, absolute or major disability; or (ii) in the event of a takeover in the Group or any similar corporate operation.

Under the Scheme, the amount of the deferred variable remuneration will be:

(i) In the first two years of the Scheme:

a. If the consolidated EBITDA and ROCE targets are fully met (100%), the deferred bonus of the executive director for performing those duties in each year will be 100% of 25% (i.e. 25%) of the non-variable remuneration corresponding to the three-year period.

b. If the consolidated EBITDA and ROCE targets are exceeded in either of the first two years of the period, the deferred bonus of the executive director for performing those duties in each of those two years will be raised in proportion to the percentage fulfilment achieved (in excess of 100%), up to the limit of 125%. Accordingly, if the targets are met in a proportion of 125% or over, the deferred variable remuneration accrued under the Scheme in that year will be 125% of 25% (i.e. 31.25%) of the non-variable remuneration corresponding to the three-year period.

c. If the consolidated EBITDA and ROCE targets are not met in either of the first two years of the period, the deferred annual variable remuneration of the executive director for performing those duties in each of those two years will be lowered in proportion to the percentage fulfilment achieved (below 100%), with a floor of 85%. Accordingly, if targets are met in a proportion of less than 85%, no deferred variable remuneration will accrue under the Scheme.

(ii) In the third, final year of the Scheme:

a. If the consolidated EBITDA and ROCE targets are met that year, 25% of the non-variable remuneration for the three-year period will accrue, the provisions of paragraph (i) above being applicable for this purpose.

b. The final 25% of the non-variable remuneration for the three-year period will accrue, if appropriate, as follows:

i. Fifty per cent (50%) according to the degree of achievement of the three-year cumulative consolidated EBITDA target, applying the same rules on over- and under-achievement set out in (i) above.

ii. And the remaining fifty per cent (50%) in the proportion determined by the board, taking into consideration the global assessment of achievement of all the targets established in the Strategic Plan.

That qualitative assessment will be made by the board, after receiving a proposal and report from: (i) the Strategy and Investment Committee; and (ii) the Nomination and Remuneration Committee, considering the degree of achievement of the targets (other than EBITDA) defined in the Strategic Plan.

(iii) The board is authorised to adopt such resolutions as may be necessary to ensure that if a corporate operation or event or any other extraordinary circumstance were to occur that might affect the calculation of the amount of the deferred annual remuneration, the gross remuneration will be equivalent to the amount that would have corresponded to the executive director had that circumstance not existed.

(iv) The scheme includes a clawback clause whereby the board may require directors to repay all or part of any deferred bonus paid under the scheme when it considers such amounts to have been unduly paid, either because the amounts paid under the scheme do not correspond to the degree of fulfilment of the required targets, or because they were calculated on the basis of data subsequently proved to be misstated.

It should be remembered, in this respect, that the scheme is structured in such a way as to ensure that the deferred bonus for any of the years of the scheme will be paid 11 months after it is calculated (after determining the degree of fulfilment of the targets). Consequently, by the date of payment sufficient time has passed to be able to appreciate any inaccuracies or errors in the information on which the calculations of amounts payable are based.

After the end of the Deferred Annual Bonus Scheme linked to the Strategic Plan 2019-2021, a new Scheme is expected to be approved linked to the Strategic Plan 2022-2024, in which the executive director will participate as long as he continues to hold that status.

d) Other pay items of executive directors for performing executive duties

Executive directors do not receive any remuneration for performing their executive duties other than those described above. In particular, the company does not make contributions to pension funds or schemes in favour of executive directors.

This notwithstanding:

(i) Executive directors may receive payment in kind to the extent of private use made of the company car allocated to them. In this regard, the value of the payment in kind received in 2018 by the only executive director for the performance of those duties was €5,600, as indicated above.

(ii) Executive directors on the boards of other Group companies, or any in which this company (or any other company of the Group) has a shareholding interest, when that position is remunerated, will receive the remuneration corresponding to them for those directorships.

In addition, the company has a Flexible Remuneration Scheme, through which it is possible to design the composition of remuneration of the beneficiaries of the scheme, including the executive directors. That Flexible Remuneration Scheme allows its beneficiaries to receive part of their remuneration in the form of products and services previously selected by the company, the amount of which is discounted from the beneficiary's gross salary and they are instead allocated the income in kind corresponding to the product or service. These products and services include a group medical insurance, housing rental, nursery, vehicle hire/lease and training of the employee. This flexible remuneration does not entail additional remuneration to that received by the executive director for performing executive duties, since the amounts paid by the company to the corresponding service providers are deducted from that remuneration.

The remuneration of the only executive director who performs executive duties does not include any pay indexed to the value of the company's share or involve the receipt of any shares or other rights over such shares. The special status of controlling shareholder of the only executive director who performs executive duties should be borne in mind in this regard.

e) Other aspects concerning the relationship of executive directors with the company by virtue of their performance of executive duties

The principal terms of the executive director's contract with the company (for his executive duties) are:

- The term of the contract is indefinite
- Three months' notice is required for voluntary termination of contract
- No termination benefits are included
- No continued service or post-contract no competition clauses are included

The special relationship of the only executive director of the company at present who performs executive duties as controlling shareholder of the company should be born in mind with regard to the last two conditions indicated.

6.3 Aspects to be considered in the event of future incorporation of other executive directors

The present remuneration system of executive directors for performing executive duties and other aspects of their contractual relationship with the company take into account that the only executive director[4] who performs those duties is a controlling shareholder of the company.

Consequently, if any new executive directors performing executive duties were to join the company during the effective term of this Directors' Remuneration Policy, it might be necessary to review some of those aspects, such as: (i) the establishment of continued service and/or no competition clauses (and the corresponding remuneration); or (ii) the inclusion in their remuneration of items indexed to the value of the company's share or that involve receiving shares or any other right over those shares.

[4] See nota 1 above.

7. Validity

Pursuant to section 529 novodecies of the Corporate Enterprises Act, this Directors' Remuneration Policy will be effective for 2019, 2020 and 2021, without prejudice to its possible modification or replacement during that time, subject to approval by the general meeting.

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