EBRO FOODS, S.A. GROUP

2019 MANAGEMENT REPORT (figures in thousands of euros)

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Management information and business performance

1. COMPANY SITUATION

Organizational structure and business model

The Ebro Foods Group ("Ebro Foods", the "Group" or the "Ebro Group") is Spain's largest food group, the world's largest rice producer and its second-biggest producer of dry and fresh pasta. Through its network of 30 subsidiaries, it has a commanding presence in the main rice and pasta markets in Europe, North America and Southeast Asia, as well as a growing presence in other countries.

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

The Group's model is multi-company, multi-country and multi-brand. Its culture is accordingly characterized by decentralization, giving each subsidiary autonomy in certain managerial areas such as sales and marketing, logistics, procurement, human resources and environmental management; each company's business focus is nuanced by country specifics in terms of idiosyncratic customs, legislative context, etc. At the helm is the Parent, Ebro Foods, S.A., which is endowed with a light and dynamic structure and tasked with defining overall Group structure and management guidelines. Decision-making is spearheaded by the Parent's Board of Directors.

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

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

b. Pasta business: the production and marketing of dry and fresh pasta, sauces, semolina products, their culinary derivatives and accompaniments, carried out by the Riviana Group (in the US), the Panzani Group (France) and the Garofalo Group (rest of world).

c. Health and organic food: the activities carried out in the bio and organic health food areas.

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

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

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

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

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

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

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

Global footprint

The Ebro Group operates globally, leveraging a portfolio of more than 70 brands which it sells in 84 countries. It has a manufacturing and sales presence in 15 of those markets. In the remaining 69 it has a sales presence only. Its manufacturing operations encompass a total of 74 facilities, including factories, offices and warehouses.

List of countries with a sales and manufacturing presence

Germany	France
Belgium	Netherlands
Cambodia	India
Canada	Italy
Denmark	Morocco
Portugal	UK
Spain	Thailand
US	

List of countries with a sales presence only

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

Strategy and value creation

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

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

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

Lines of initiative

- Fostering ethical management based on good governance practices and fair play.

- Complying with prevailing legislation, at all times taking a preventive approach. We strive to minimize risks, not only economic risks but also social and environmental risks, including tax risks.

- Attaining returns on our investments while guaranteeing the operational and financial solidity of our business activities. Nurturing our profitability as one of the bases for the ongoing sustainability of the organization and the multiple stakeholders that engage directly and indirectly with it.

- Generating a labor relations framework that is propitious to learning and personal and professional development, respects the equal opportunities principle and promotes diversity and a safe and healthy workplace.

- Rejecting any form of abuse or violation of the fundamental and universal rights, in keeping with international law and practices.

- Promoting a mutually beneficial relationship with the communities in which the Group is present, which means being sensitive to their culture, context and needs.

- Satisfying and anticipating the needs of our customers and of our end consumers by offering a broad portfolio of products under the premise of healthy and differentiated food options.

- Articulating the organization's processes, activities and decisions not only around profit generation but also environmental and community protection, responsible use of our natural resources and the preservation of biodiversity.

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

Growth drivers

1. Search for organic and M&A-led growth in markets with high consumption levels, coupled with expansion in high-potential developing markets.

   - Penetration of new markets and product categories with a strategic focus on fresh products (aperitifs, crisps, omelettes, sandwiches, pizzas, ready meals) and new and more value-added ingredient ranges.

   - Development of products that offer a fuller culinary experience by adding new formats (maxi cups, compact cups, etc.), flavors (dry pasta with the quality of fresh pasta, cups and premium fresh sauce ranges) and meal solutions (pan-fried rice and pasta dishes, Banzai noodle cups, etc.).

   - Leadership in mature markets by focusing strategically on product quality-based differentiation. Expansion and leadership of the premium products category. Exploitation of the huge potential offered by the Garofalo brand and leveraging the new opportunities opened up by the Bertagni and Tilda acquisitions.

- Expanded geographic footprint and rounding out of the product/country matrix:

  - Search for business opportunities in mature markets with business profiles similar to that of Spain and in niche markets that enable the Group take a qualitative step forward in its strategy of shifting away from its generalist positioning to positioning as a multi-specialist (individual solutions).

  - Expanded presence in new business segments in existing markets: pasta in India; product range expansion in the Middle East/Eastern Europe; development of the pan-fry gnocchi range in Canada.

2. Significant positioning in the health and organic food segments by leveraging new concepts based on ancient grains, organic foods, gluten-free foods, quinoa, etc. across out entire brand portfolio.

3. Product differentiation and innovation. The product development strategy is structured around two articulating lines of initiative:

- Research and development (R&D): it has five proprietary R&D centers. The organization's investment policy is designed to foster the crystallization of new ideas and consumer needs into tangible solutions for its customers and end consumers.

- The Group aims to have the leading brands in their respective segments, underpinned by the required advertising budgets.

4. Low risk exposure. The Ebro Group's attitude towards shifts in its consumer and financial markets is marked by a strong commitment to continuous adaptation and long-term sustainability. To this end it seeks: (i) balanced sources of recurring income (markets, currencies); (ii) low leverage in order to withstand episodes of financial turbulence; (iii) new sources of supply; and (iv) the establishment of long-term relationships with its stakeholders (customers, suppliers, governments, employees, society).

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

6 BUSINESS PERFORMANCE AND RESULTS

General backdrop

The global economy took a turn in 2019. The previous years had been marked by dynamic, albeit nuanced, growth subject (different rates of growth in Europe, the US, China and their neighboring countries relative to the rest of the developing economies). A sense of a change became increasingly widespread from the second quarter of 2019. Although global GDP growth remained at 2.4%, the economy clearly began to slow. Confidence indicators started to drop, particularly in some of the most important exporting countries, as trade wars and uncertainties arising from other geopolitical problems (Brexit, conflict with Iran, wars and immigration) made their presence felt.

The slowdown reached every corner of the world, even the US which, having digested the biggest tax cuts in its history (giving consumption and certain manufacturing sectors a one-off boost) and set the tone for a Federal rate cut, started to show signs of sluggishness.

That situation has been exacerbated in 2020 by the health crisis sparked by the global spread of the coronavirus from February, which is threatening a major crisis as the hardest hit countries are being forced to virtually shut down their economies.

Consumer trends

2019 was marked by similar consumer trends as those outlined in prior-year reports, specifically:

Personalization of the customer experience

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

- Demand for quality products, ease of preparation and immediate satisfaction of their desires.
- Preference for natural, healthy and organic foods. Closely related to this sentiment is the growth in the consumption of fresh products and the importance being given to small producers and start-ups that make the consumer feel closer to nature.
- Search for products that form part of the circular economy, are seen as sustainable and involve stakeholders in their design, production and sale.
- Consumers want a wider range of choices. The higher-quality private-label brands have been making inroads in virtually every social strata and segment of the population.

Social changes

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

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

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

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

Connectivity

The unstoppable growth in internet access on the go (over 4 billion people had access to internet at the end of 2019, a very significant percentage of which via their mobiles or tablets) is fostering immediacy as a purchasing factor and universalizing the act of shopping. This paradigm, coupled with the advent of new automated systems (driverless cars, drones, etc.) and networking platforms which put consumers in contact with the producers of goods and services, foreshadows a shift in shopping and food consumption habits (personalized promotions, access to all manner of at-home food services, assault on the last-mile distribution barrier).

New channels and services

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

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

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

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

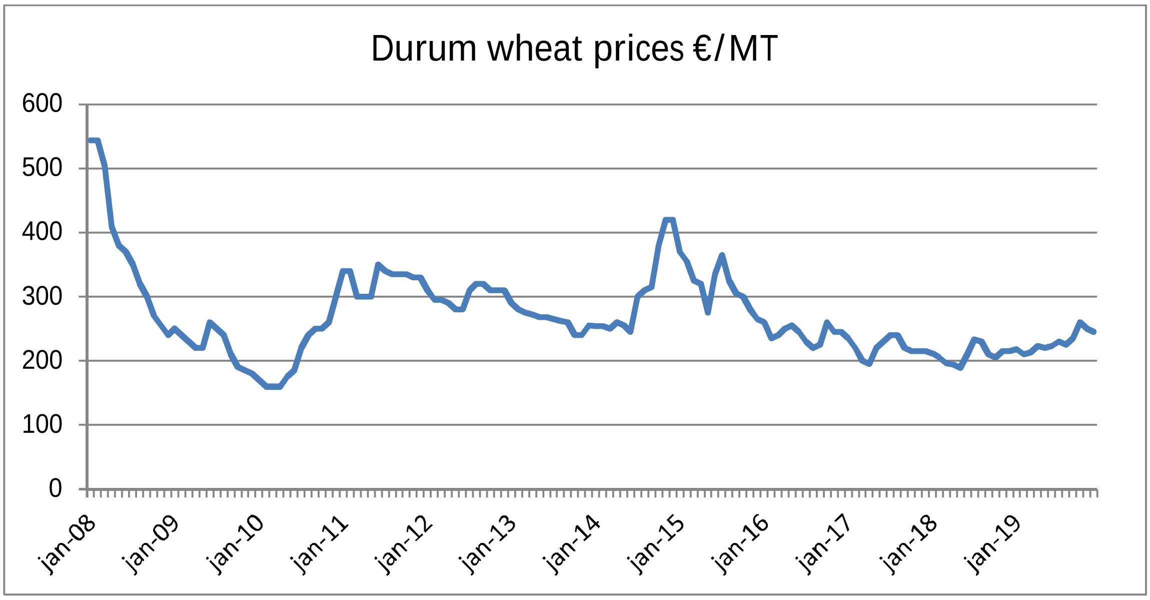
Note, lastly, that at the time of writing we are faced with uncertainty regarding the impacts the coronavirus pandemic will have on the economy in general and consumer conduct in particular.

Commodity markets

The World Bank's Commodity Price Index started the year relatively stable. However, during the second half of the year commodity prices trended lower. Lingering international tensions and the economic slowdown hit fuel prices particularly hard (buoyed only temporarily by supply interruptions in Saudi Arabia following attacks on oil facilities) and metal prices followed suit.

The grain prices included in the index (wheat, corn, soy and rice) also trended lower over the course of the year, shaped by benign weather (no major crop devastation) pointing to healthy harvests in line with those of recent years.

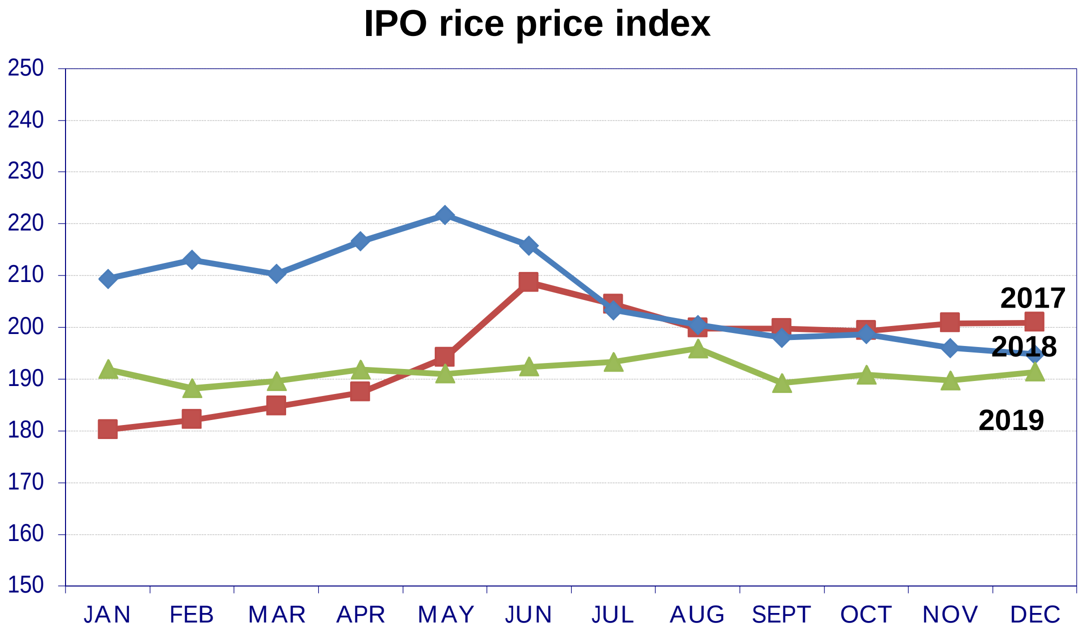
Durum wheat prices in particular extended the stability of recent seasons, moving slightly higher in the wake of the summer harvest which revealed certain quality shortcomings in some markets with a potential knock-on effect on carryover stocks:



Source: Terre.net and Ebro data

The 18/19 rice season and the forecasts for 19/20 point to continued record harvests. According to data published by the Food and Agriculture Organization (FAO), 2019 production is estimated at 512 million tonnes of white rice equivalent, which is virtually the same as the record level observed in 2018. It is worth highlighting the bright outlook for the harvest in India, set to offset lower yields in other rice-producing nations such as Thailand.

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



In short, the chart reflects global price stability. With respect to specific developments in certain producer markets of significance in the global market, it is worth noting the downtrend in American long-grain rice prices during the harvesting season ended in the summer of 2019, in turn driving a reduction in cultivated area and in output for the season unfolding. That development could put a little upward pressure on prices, albeit of limited impact due to the fact that other markets are expected to pick up the slack. Lastly prices were stable across the aromatic varieties, with scope for a slight correction in 2020.

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Group earnings performance

Below are the Group's key earnings metrics (the 2017 and 2018 figures have been restated to eliminate the discontinued Bio Food business):

PROFIT AND LOSS		2017	2018	*2018/2017*	2019	*2019/2018*	CAGR 2019-2017
Revenue		2,473,381	2,613,947	*5.7%*	2,813,298	*7.6%*	***6.7%***
Advertising		(92,551)	(89,014)	*3.8%*	(91,477)	*-2.8%*	***-0.6%***
	As a % of revenue	*-3.7%*	*-3.4%*	*3.8%*	*-3.3%*		
EBITDA-A		354,884	307,468	*-13.4%*	342,726	*11.5%*	***-1.7%***
	As a % of revenue	*14.3%*	*11.8%*		*12.2%*		
EBIT-A		276,784	220,131	*-20.5%*	231,085	*5.0%*	***-8.6%***
	As a % of revenue	*11.2%*	*8.4%*		*8.2%*		
Profit before tax		263,035	211,721	*-19.5%*	198,478	*-6.3%*	***-13.1%***
	As a % of revenue	*10.6%*	*8.1%*		*7.1%*		
Income tax		(33,828)	(63,036)	*-86.3%*	(64,233)	*-1.9%*	***37.8%***
	As a % of revenue	*-1.4%*	*-2.4%*		*-2.3%*		
Profit for the year from continuing operations		229,207	148,685	*-35.1%*	134,245	*-9.7%*	***-23.5%***
	As a % of revenue	*9.3%*	*5.7%*		*4.8%*		
Net profit		220,600	141,589	*-35.8%*	141,752	*0.1%*	***-19.8%***
	As a % of revenue	*8.9%*	*5.4%*		*5.0%*		

STATEMENT OF FINANCIAL POSITION	YE 17	YE 18	*2018/2017*	YE 19	*2019/2018*
Equity	2,074,637	2,162,334	*4.2%*	2,262,203	*4.6%*
Net debt	517,185	704,621	*-36.2%*	999,849	*-41.9%*
Average net debt	426,042	627,350	*-47.3%*	871,658	*-38.9%*
Leverage **(3)**	20.5%	29.0%		38.5%	
Total assets	3,663,133	3,834,069	*4.7%*	4,374,073	*14.1%*

	YE 17	YE 18	*2018/2017*	YE 19	*2019/2018*
Average working capital	506,803	588,403	*-16.1%*	643,139	*-9.3%*
Average capital employed	1,678,670	1,805,986	*-7.6%*	2,080,166	*-15.2%*
ROCE-A **(1)**	16.6	12.3		11.1	
Capex **(2)**	120,671	138,930	*15.1%*	148,705	*7.0%*
Average headcount	6,344	7,153	*12.8%*	7,522	*5.2%*

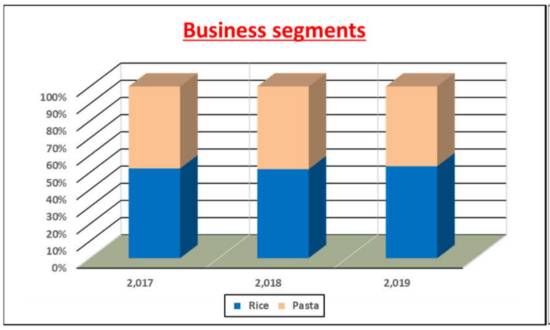
(1) ROCE-A = Average profit after D&A but before tax for the last 12 months (excluding extraordinary/non-recurring items) divided by average capital employed

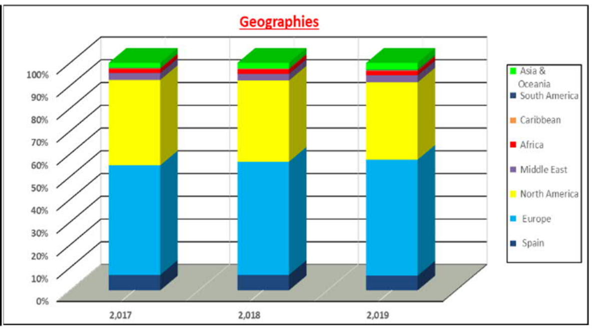
(2) Capex = Cash outflows for investment purposes

(3) Leverage = Ratio of average net interest-bearing debt to equity (excluding non-controlling interests)

Group **revenue** was 7.6% higher year-on-year. The full-year contribution by Bertagni boosted revenue by 20 million euros, while the newly acquired Tilda Group (at the end of August 2019) added 56 million euros to the topline.

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





Although the contribution by the European businesses to Group revenue increased slightly as a result of recent acquisitions (Tilda, Bertagni), the breakdown by business remains balanced, with the rice business accounting for 54% of the total.

In terms of **EBITDA-A**, 2019 was a year of clearcut recovery, the Group having successfully addressed the various challenges outlined in last year's report. Specifically, this profit metric registered growth of 11.5% to 342.7 million euros. The impact of exchange rate movements accounted for 6.9 million euros; the change in accounting treatment in the wake of initial application of IFRS 16 contributed 13 million euros; and the recently-acquired Tilda Group contributed another 6 million euros during the last quarter of the year. Organic growth was driven by: (i) the US rice business, hit hard in 2018, and despite significant paring back of volumes in certain lines which were not sufficiently profitable at prevailing prices; and (ii) a spectacular performance at Bertagni.

Margins widened thanks to the recovery in profitability. By way of example, the EBITDA-A ratio in the US expanded by over three points. The newly acquired businesses are also contributing to margin expansion (Bertagni has a margin of over 17%). However, the efforts to make the Group more efficient and sustainable generated additional non-recurring charges, including restructuring charges, operations start-up expenses and expenses related with the Group's M&A activity.

Profit before tax was slightly higher than in 2018 due to (i) higher depreciation and amortization charges attributable to new acquisitions and heavy capital expenditure in recent years; and (ii) the above-mentioned increase in non-recurring charges.

Tax expense was largely stable; the effective rate increased due to the decision not to recognize the tax assets corresponding to certain tax losses incurred in 2019 in certain markets in light of prevailing uncertainty as to the ability to utilize them within a reasonable period of time

Profit for the year was flat year-on-year once the gain on the sale of the Bio Food business is added to the profit from continuing activities (refer to the notes to the consolidated financial statements for further details).

The **ROCE-A** declined to 11.2%, as the investments made have yet to have a significant impact in terms of the return on assets.

Statement of financial position metrics

Highlights:

- The first-time consolidation of Bertagni and La Loma, which increased assets by a net 143 million euros (affecting property, plant and equipment, intangible assets, goodwill, net current assets and borrowings) in 2018, and of the Tilda Group in 2019, which boosted assets by 292 million euros.

- A significant increase in capex in the last three years (149, 139 and 121 million euros in 2017, 2018 and 2019, respectively).

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- The impact of the trend in the US dollar rate on the dollar balances of the subsidiaries exposed to this currency (the exchange rate went from €/$1.20 at year-end 2017 to 1.14 at year-end 2018 and 1.12 at year-end 2019).

- The initial application of IFRS 16 Leases, prompting the recognition of right-of-use assets and financial liabilities of 88 and 90 million euros, respectively (refer to note 10 of the consolidated financial statements).

- An increase in working capital in prior years (in 2019 the increase is attributable to the first-time consolidation of Tilda), due to: (i) a slight increase in general rice prices; (ii) a significant increase in the prices of the aromatic varieties; and (iii) the need to comply with increasingly stringent pesticide and fungicide waste regulations which are requiring increasingly intense management of these resources for compliance and quality purposes.

Other assets and other liabilities mainly comprise deferred taxes, provisions for pension obligations and provisions for charges (notes 19, 20 and 21 of the consolidated financial statements).

STATEMENT OF FINANCIAL POSITION	YE 17	YE 18	*2018/2017*	YE 19	*2019/2018*
Intangible assets	428,248	439,270	11,022	538,116	98,846
Property, plant and equipment	758,739	858,092	99,353	1,029,957	171,865
Investment properties	23,780	23,439	-341	23,322	-117
PP&E AND INTANGIBLE ASSETS	**1,210,767**	**1,320,801**	**110,034**	**1,591,395**	**270,594**
Financial assets	**69,007**	**64,338**	**-4,669**	**63,034**	**-1,304**
Goodwill	**1,037,889**	**1,154,939**	**117,050**	**1,267,066**	**112,127**
Other funds	**49,757**	**52,884**	**3,127**	**57,252**	**4,368**
Inventories	558,990	594,804	35,814	621,012	26,208
Trade receivables, Group companies	0	0	0	0	0
Trade receivables	375,141	402,501	27,360	441,891	39,390
Other accounts receivable	89,592	71,854	-17,738	79,637	7,783
Trade payables, Group companies	0	0	0	0	0
Trade payables	(336,478)	(344,017)	-7,539	(347,752)	-3,735
Other accounts payable	(120,467)	(114,604)	5,863	(127,523)	-12,919
NET CURRENT ASSETS (WORKING CAPITAL)	**566,778**	**610,538**	**43,760**	**667,265**	**56,727**
NET INVESTMENT	**2,934,198**	**3,203,500**	**269,302**	**3,646,012**	**442,512**
Capital	92,319	92,319	0	92,319	0
Reserves	1,761,718	1,928,426	166,708	2,028,132	99,706
Profit attributable to owners of the parent	220,600	141,589	-79,011	141,752	163
Less: Interim dividend	0	0	0	0	0
Less: Own shares	0	0	0	0	0
CAPITAL AND RESERVES	**2,074,637**	**2,162,334**	**87,697**	**2,262,203**	**99,869**
Non-controlling interests	**47,288**	**27,868**	**-19,420**	**29,467**	**1,599**
Other funds	**295,088**	**307,874**	**12,786**	**354,493**	**46,619**
Loans with Group companies and associates: received	0	0	0	0	0
Less: Loans with Group companies and associates: granted	0	0	0	0	0
Bank borrowings	677,526	705,346	27,820	990,568	285,222
Special financing	109,070	171,528	62,458	261,353	89,825
Less: Cash on hand and at banks	(268,439)	(144,982)	123,457	(160,839)	-15,857
Less: Short-term investments	(972)	(26,468)	-25,496	(91,233)	-64,765
NET BORROWINGS	**517,185**	**705,424**	**188,239**	**999,849**	**294,425**
TOTAL FUNDS	**2,934,198**	**3,203,500**	**269,302**	**3,646,012**	**442,512**

In order to properly understand the Group's working capital requirement and how it is funded, it is important to analyze the factor with the biggest impact on these headings: the volume and measurement of Group inventories.

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Inventory volumes are sharply cyclical, moving in tandem with rice and wheat harvests (particularly the rice harvest for which the inventory cycle is longest). More specifically, inventory volumes are at their lowest at the end of the rice season (end of summer) and at their highest at the end of each year and start of the next, after the various purchase contracts have been arranged for the new season.

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

Rice business

PROFIT AND LOSS	2017	2018	2018/2017	2019	2019/2018	CAGR 2019-2017
Revenue	1,345,026	1,412,702	*5.0%*	1,566,239	*10.9%*	***7.9%***
Advertising	(28,088)	(26,969)	*4.0%*	(33,010)	*-22.4%*	***8.4%***
EBITDA-A	205,988	162,065	*-21.3%*	192,263	*18.6%*	***-3.4%***
EBIT-A	172,522	123,990	*-28.1%*	143,060	*15.4%*	***-8.9%***
Operating profit	174,027	125,392	*-27.9%*	134,445	*7.2%*	***-12.1%***
Capex	65,807	64,583	*-1.9%*	75,160	*16.4%*	***6.9%***

As already noted, prices were stable across the main rice varieties during the year although the prices of long-grain rice grown in Vietnam and Thailand fell.

In the US, long-grain rice prices fell as a result of the excellent 18/19 harvest: as is customary, that record yield prompted a decrease in cultivated area the following year so that it is likely that prices will recover, as was already beginning to be observed in trading prices towards the end of 2019.

US harvest prices (source: USDA)

August-July

$/cwt	19/20 (*)	18/19	17/18	16/17	15/16
Average price	13	12.6	12.9	10.4	12.2
Long grain	12	10.8	11.5	9.64	11.2
Medium grain	16.1	18.5	16.2	12.9	15.3

(*) Estimated range

Revenue in the rice business increased sharply, in part due to the acquisition of the Tilda Group, which contributed 55.6 million euros to the topline in four months; that contribution was buoyed by the application of new prices and promotions introduced at the start of 2019 and the impact of the average exchange rate, which went from €/$1.18 to 1.12 for an impact of 31 million euros.

Sales growth in the microwaveable rice segment - one of the Group's priority niches - remained in the double digits. To meet that demand, in 2019 the Group completed the expansion of its microwaveable rice facilities at the Memphis factory and started work on a new factory in San José de la Rinconada, which is expected to be ready in the middle of 2020. Another product that continued to gain momentum was the Sabroz range, which registered double-digit growth in Spain. The Spanish market as a whole registered volume growth of 3.2% (Nielsen 52-week scantrack) and the Group remained the clearcut leader among branded products.

2019 MANAGEMENT REPORT (figures in thousands of euros)

EBITDA-A in the rice business registered year-on-year growth of 18.6% thanks to: (i) the first-time consolidation of Tilda, which contributed 6.1 million euros in four months; (ii) the impact of the new lease standard (4 million euros); and (iii) positive exchange rate effects of 5 million euros. The 2019 result implied virtual recovery of 2017 profitability, having endured a particularly difficult 2018 in the US, prompting it to reorganize production at one of the factories (Freeport) and cope with general price inflation, particularly in staff and logistics costs.

Nevertheless, profitability in the US rice segment was slightly lower in 2019 than in 2017 due to: (i) internal logistics problems affecting certain products (gluten-free) which share production lines with other products in the Memphis factory; and (ii) problems with the start-up of a new logistics center covering the northeastern region in August and September which implied delays and the need to recalibrate certain deliveries in the distribution network. Having addressed these issues, the outlook is for continued growth underpinned by very solid foundations.

The breakdown of the contribution by the non-US rice business to the unit's EBITDA-A, excluding the Tilda Group, was as follows:

	2017	%	2018	%	2019	%
Spain	28,382	32.6%	30,902	34.8%	25,471	28.7%
Europe	48,577	55.7%	47,779	53.8%	52,520	59.3%
Other	10,210	11.7%	10,143	11.4%	10,644	12.0%
Total EBITDA-A	**87,169**	**100.0%**	**88,824**	**100.0%**	**88,635**	**100.0%**

The breakdown is similar to that of 2018, although it is worth highlighting the higher contribution by the 'Rest of Europe' driven by (i) a very healthy performance in organic rice varieties; (ii) growth in the pulse products introduced in recent years which are classified in this segment; and (iii) a terrific performance in frozen rice and pasta products in Europe.

The Spanish contribution declined somewhat due to: (i) certain costs associated with the production of the cupped products related with their restructuring; and (ii) a slight increase in the cost of certain varieties which in 2018 had been more profitable than usual. Productivity is expected to increase with the new factory in Rinconada.

In 2019 the Group completed several investments in Argentina which position that market as a significant source of organic varieties with scope for stepping in for similar varieties grown in Spain in the event of drought or increased salinity. It also invested in new facilities in Southeast Asia to increase the Group's supply of long-grain varieties and its ability to manage increasingly demanding pesticide and fungicide waste requirements.

The trend in **operating profit** was similar to that in EBITDA-A, except for a slight increase in depreciation charges on the back of the investments made in recent years and in non-recurring charges related with restructuring work and new activities launched in the US and Europe.

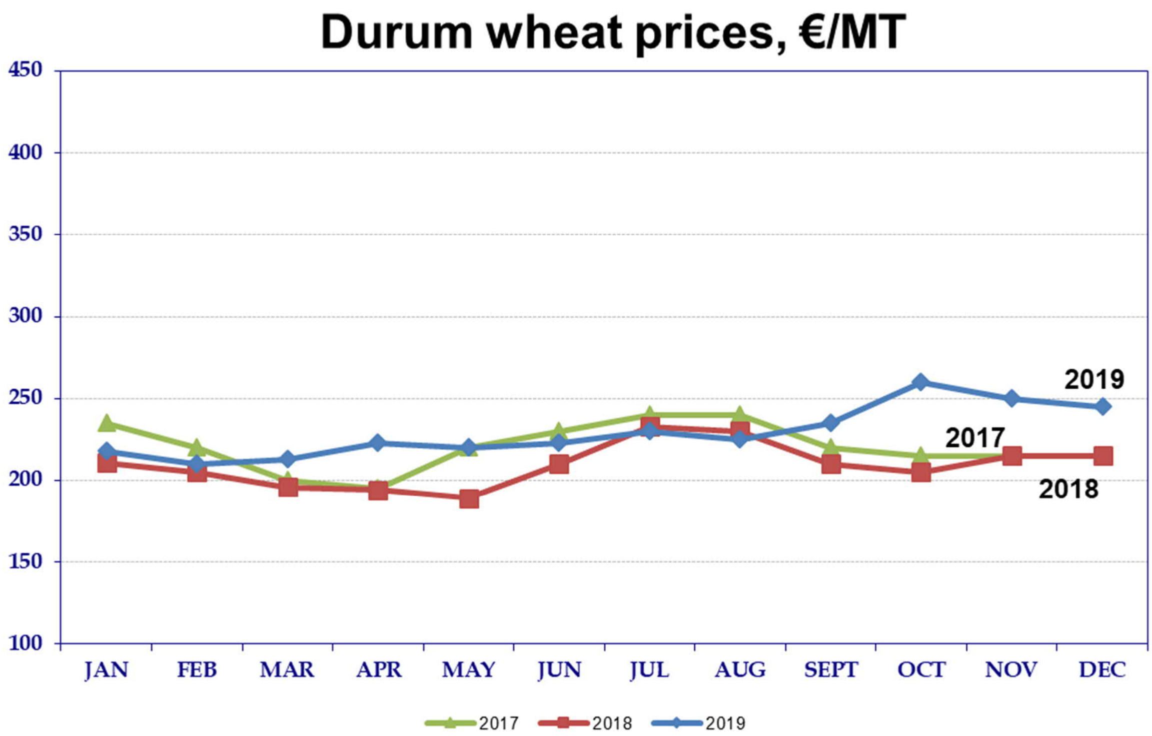
2019 MANAGEMENT REPORT (figures in thousands of euros)

Capital expenditure remained high, evidencing the Group's strategic commitment to the high-growth business lines. Investments in the rice business were concentrated on: (i) the start of work on the new microwaveable cup factory in Spain; (ii) capacity expansion work in the US; and (iii) the start of work on a new pulse-based ingredients factory.

Pasta business

PROFIT AND LOSS	2017	2018	*2018/2017*	2019	*2019/2018*	CAGR 2019-2017
Revenue	1,184,816	1,265,970	*6.8%*	1,311,925	*3.6%*	***5.2%***
Advertising	(65,571)	(62,688)	*4.4%*	(60,404)	*3.6%*	***-4.0%***
EBITDA-A	158,861	153,156	*-3.6%*	162,419	*6.0%*	***1.1%***
EBIT-A	114,890	104,532	*-9.0%*	101,481	*-2.9%*	***-6.0%***
Operating profit	100,604	97,834	*-2.8%*	90,106	*-7.9%*	***-5.4%***
Capex	52,855	73,946	*39.9%*	71,772	*-2.9%*	***16.5%***

Durum wheat prices were stable until the summer of 2019. Prices rebounded slightly in the wake of the new harvest, as the quality of the European harvest was slightly below usual. However, prices had once again stabilized by the end of the year.



Source: Terre,net

Revenue in the pasta business increased by 3.6%. It is worth highlighting the impact of the full-year's contribution by Bertagni, of approximately 20 million euros, plus organic growth at this company, worth another 20 million euros. The trend in the US dollar against the euro also had a positive impact on the topline, of around 13 million euros.

By market:

- In France, the brand segments were stable or contracting, except for the fresh pasta segment, which registered year-on-year growth of 4.9%, driven by the ongoing success of the pan-fried gnocchi category, which registered growth in sales volumes of 10.5%.

- Garofalo registered continued growth in sales by value and volume. Its main brand recorded growth of 3.9% by volume and increased its share (by volume) of the Italian premium pasta segment to 5.5% from 5.3% (Nielsen 52-week tracker). Sales of fresh pasta products were launched in some markets in an attempt to maximize the return on the investment in this category: sales volumes increased by 32% year-on-year.

- Bertagni is worthy of special mention, proving a runaway success from its acquisition marked by revenue growth of 20% in its first full year within the Group, driven by customer growth and product range expansion in its branded products and its ability to strike agreements with retailers for the build-up of its premium fresh pasta category.

- United States. This market was flat and the Group's share dipped slightly to 18% by volume and value. The healthy pasta product category, to which our brands are particularly exposed, was hit particularly hard.

- Canada. The dry pasta market registered growth in volume and value terms and the Group increased its share to 30.5% and 37.3% by volume and value (Nielsen 52-week tracker), outperforming all the market players.

  The fresh pasta segment registered continued strong growth by volume and value of 5.3% and 6.5%, respectively, and Olivieri defended its leadership, with a market share of 46.5% (by volume), underpinned by innovation and, especially, the gnocchi segment, in which it is spearheading the category's growth, driven in part by the fact that the pan-fried gnocchi line is fully operational.

The trend in **EBITDA-A** reversed, marked by growth of 6%, fueled above all by the contribution by Bertagni, which increased by 7 million euros from 2018, thanks to both the impact of the full-year's consolidation and the above-mentioned organic sales growth. The first-time application of IFRS 16 had an impact of 8 million euros, while exchange rate trends had a positive impact of 1 million euros.

By geography, the contribution by the US pasta business increased: some of the inflation and infrastructure issues affecting the rice business in 2018 had also affected the pasta business; once those issues were resolved, profitability in the pasta business began to improve, offsetting the disappointing revenue performance.

There was no major change in the contribution by the Canadian business, with the fresh pasta segment once again detracting: despite efficiency improvements and the fact that the company is spearheading market developments by introducing entirely new concepts such as pan-fried gnocchis, competition from other supermarket products remains intense.

France's contribution was also stable year-on-year, as this business continues to be penalized by the difficulties facing Roland Monterrat, whose core sandwich production and sale business continues to face fierce competition. The business has surmounted the issues deriving from the new promotions regulations issued by the French government, which meant challenging negotiations with certain significant supermarket chains which continue to reduce the number of branded products they carry as they prioritize private label products.

Lastly, leaving aside the fantastic contribution by Bertagni, detailed above, Garofalo's contribution declined year-on-year as a result of: (i) a degree of tension in the market for raw materials following the obligation imposed in Italy to indicate the origin of the durum wheat used to make the pasta; (ii) a significant growth effort; (iii) upgrade of the international dry pasta and new fresh pasta platform; and (iv) warehouse issues derived from the expansion of production and warehousing capacity at the factory in Granniano.

The trend in **operating profit** was largely similar to that in EBITDA, albeit boosted by the absence of non-recurring charges this year (in 2018, the Group recognized impairment losses on certain North American brands).

Capex was concentrated in: (i) the new logistics warehouse for the pasta business in France; (ii) the new dry pasta line and capacity expansion at the Garofalo factory; and (iii) completion of the facilities for the new gnocchi production lines.

7 LIQUIDITY AND FINANCING

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

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

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

Investments | disposals

Acquisition-led growth (asset and business acquisitions)

The main investment closed in 2019 was the acquisition of the companies and assets comprising the Tilda business worldwide from Hain Celestial of 100%. In total, the Group invested 292,234 thousand euros for 100% of the business (before potential debt and working capital adjustments, which are still under negotiation but are not expected to be material). The acquisition was financed using a mix of equity and debt.

The most significant disposal completed in 2019 was the sale of the Bio Food business, which closed on September 30, 2019 at a price of 57.5 million euros (debt-free). That disposal generated a gain of 16,043 thousand euros.

2019 MANAGEMENT REPORT (figures in thousands of euros)

Organic growth

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

Year	Amount (thousands of euros)
2017	120,671
2018	138,930
2019	148,705

Financial position

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

NET DEBT (thousands of euros)	YE 17	YE 18	*2018/2017*	YE 19	*2019/2018*
Equity	2,074,637	2,162,334	*4.2%*	2,262,203	*4.6%*
Net debt	517,185	704,621	*36.2%*	999,849	*41.9%*
Average net debt	426,042	627,350	*47.3%*	871,658	*38.9%*
Leverage	24.9%	32.6%	*30.7%*	44.2%	*35.6%*
Leverage (average net debt) ***(1)***	20.5%	29.0%	*41.3%*	38.5%	*32.8%*
EBITDA-A	354,884	307,468	*-13.4%*	342,726	*11.5%*
Coverage	1.46	2.29		2.92	

(1) Leverage = Ratio of average net interest-bearing debt to equity (excluding non-controlling interests)

Despite a number of acquisitions and a significant capital expenditure effort, the Group's coverage and leverage ratios have remained within reasonable levels.

Note that 165 million euros of borrowings relate to the recognition for accounting purposes of the put options over the outstanding interests in the Bertagni Group, Garofalo, Geovita, Santa Rita Harinas, Transimpex and Herba Ingredients. For accounting purposes, those unexercised options are recognized as an increase in Group borrowings. The changes in borrowings (without factoring in the net debt assumed pursuant to acquisitions, that recognized in the process of accounting for the above put options, changes in the fair value of certain financial assets/liabilities and the impact of exchange rate movements) were shaped by the following sources and uses of cash:

FREE CASH FLOW (thousands of euros)	2017	2018	*2018/2017*	2019	*2019/2018*
Cash from operating activities	196,719	211,708	*7.6%*	250,458	*18.3%*
Cash used in investing activities	(145,254)	(216,872)	*49.3%*	(356,692)	*64.5%*
Cash used in share-based transactions	(94,308)	(96,165)	*2.0%*	(99,187)	*3.1%*
Free cash flow	**(42,843)**	**(101,329)**		**(205,421)**	

Cash generation increased in 2019 thanks to earnings (EBITDA-A) growth and control over working capital; the growth in working capital was attributable to the Tilda acquisition, whereas in prior years the working capital requirement had increased due to rice price trends and the need to adapt the supply chain to meet new plant health rules.

The other major movements correspond to:

- Investing activities. Movements deriving from capex (as detailed above) and the sale and purchase of businesses and non-core assets (properties). In 2019, this heading includes the payment for the Tilda acquisition and in 2018, for the Bertagni acquisition.

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

8 RISK MANAGEMENT TARGETS AND POLICIES AND USE OF FINANCIAL INSTRUMENTS

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

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

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

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

The Group is currently in the process of launching a new version of its risk map which is intended to emphasize aspects that have grown in importance in recent times, approaching them holistically. More specifically, it will focus on the risks associated with climate change, social and human rights issues and changes related with new technologies and new social and consumer habits.

The main risks addressed in the model are:

Operational risks:

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

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

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

  The main control points are grouped as follows:

  - Physical points: controls to detect alien materials or the presence of metals.

  - Chemical points: detection of chemical substances or the presence of allergens.

  - Biological points: detection of the presence of salmonella and other pathogens.

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

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

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

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

- Risk associated with commodity price volatility. Unexpected changes in raw material supply prices can have a material adverse impact on the profitability of the Group's business via its manufacturing operations and it brand retailing efforts.

This risk is concentrated in the prices of the various varieties of rice and durum wheat, although the Group is also exposed to variability in the prices of packaging materials and oil derivatives.

This risk is managed via:

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

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

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

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

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

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

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

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

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

  This category also includes risks related with cybersecurity. The exponential growth in internet access exposes enterprises and users to attacks of different kinds: identify theft, malware, website attacks, zero-day attacks etc.

Faced with this situation, the Group has conducted a security audit and prepared a resulting action plan which consists of: (i) the provision of continuous staff training on these threats; (ii) definition of appropriate network infrastructure (firewalls, WiFi access controls, network electronics, browsing permissions and the design of connected industrial networks); (iii) correct definition of user points (anti-virus, mobile device management systems, permissions, updates); and (iv) data management and safekeeping programs (back-ups, use of the cloud, shared information, etc.).

Risks related to the environment and strategy:

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

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

- Climate change. The effects of climate change pose a grave threat to the food industry. The rise in greenhouse gas emissions is impairing the environment and with it, its natural resources and biodiversity. Although this risk factor has been classified within the Group's operational risks, its impacts are multiple, affecting the four dimensions defined in the risk map (operational, financial/reporting, compliance and strategic), which is why it is one of the risk areas currently under special review.

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

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

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

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

  This risk is managed by means of:

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

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

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

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

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

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

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

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

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

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

Compliance risk

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

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

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

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

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

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

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

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

Financial risk

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

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

A description of these risks and the mitigating measures taken is provided in note 12.3 of the consolidated financial statements.

9 EVENTS AFTER THE REPORTING PERIOD

On March 11, 2020, the World Health Organization escalated the status of the public health crisis triggered by the expansion of the coronavirus (COVID-19) to that of a global pandemic. The speed at which events are unfolding, in Spain and abroad, is causing an unprecedented health crisis that is set to impact the macroeconomic environment and the Group's business performance.

The Spanish government is passing a raft of measures to help mitigate the situation: it has declared of a state of alarm (via Royal Decree 463/2020, of March 14, 2020) and approved a series of extraordinary emergency measures to combat the economic and social ramifications of COVID-19 (via Royal Decree-Law 8/2020, of March 17, 2020).

The Group believes that these developments do not imply the need to make any adjustments to its financial statements for the year ended December 31, 2019; they could, however, have a significant impact on its operations and, by extension, on its future earnings and cash flows.

Given the complexity of the situation and the speed with which it is developing, it is not presently feasible to make a reliable quantitative estimate of its potential impact on the Group which, if any, would be recognized prospectively in the 2020 financial statements.

The Group is taking the steps required to tackle the situation and minimize its impact. It believes that the situation is circumstantial and, based on its most recent estimates and liquidity position as of the reporting date, will not compromise its ability to continue as a going concern.

There have been no other significant events or developments between the end of the reporting period and the date of authorizing the accompanying financial statements for issue.

10 GROUP OUTLOOK

At the start of this report, we remarked that despite the slowdown affecting the world's largest economies in 2019, the outlook in early 2020 pointed to a very soft landing, the worst risks of Brexit and the trade wars having dissipated. However, the recent events unfolding in the wake of the spread of the coronavirus pandemic mark a significant twist that generates major uncertainty. Most governments have rolled out emergency measures whose potential impact on the various economies is hard to calibrate. Just as complex is any attempt at estimating the duration or incidence of the pandemic.

Leaving that uncertainty aside, with respect to the commodity markets of importance to the Group's performance, what we can say is that global rice harvests remain at record levels, so that global price tension is not anticipated. There could be the odd episode of tightening as a result of the drop in cultivated area in long-grain rice in the US or the possible impact of drought on the Spanish varieties. Other varieties such as basmati are performing well and prices could ease. Note however, that basmati prices remain high despite trading below their high of two years ago. This outlook is dependent on quality sampling confirming compliance with stringent pesticide trace standards.

At any rate, the Group views its situation as adequate: it is long in the varieties that could be more sensitive to market changes and it boasts a broad number of supply points through proprietary facilities (Spain, Italy, Morocco, Argentina, India, Thailand and Cambodia) or representation offices and local contacts (Pakistan and Myanmar).

As for durum wheat, having begun to rise at the end of 2019 in the wake of the harvest, prices have since taken a breather, pointing to adequate carryover levels through to the new harvest season, The Group has taken positions contemplating possible price tension pending the new harvest.

From a sales standpoint, the feedback in the early part of the year indicates strong demand for our products, unquestionably prompted by the social alarm deriving from the pandemic and the ease of storage of the non-perishable products we sell.

- **Rice business**

  In Europe, the outlook is for continued growth for the high value-added products such as the cup range, particularly the products focused on the provision of health benefits and convenience (Benefit), the organic and ecological rice products (Vidasania) and the new easy-to-prepare side dishes and grains. Indeed, to cater to the anticipated growth in demand for these products, the Group has begun work on a new microwaveable rice factory in San José de la Rinconada, which will complement the expansion work completed at the US plant.

  For our assessment of the outlook for Brexit, refer to note 12.3 of the consolidated financial statements.

In the US, we launched an unprecedented number of new products in 2019 (including nine microwavable varieties) and expect this sales and marketing effort to translate into a boost in turnover in these rejuvenated ranges.

- **Pasta business**

The key objectives in the European pasta business are:

- Defending profitability in the traditional dry products ranges and eking out continued growth in the premium segment, led by the Garofalo brand.

- Continuing to develop the fresh pasta segment, which is being led by Bertagni and its new products, focusing on previously unserved niches, such as fresh pasta for vegans and fresh pasta with innovative fillings.

In the US, we plan to focus on developing relations with local retailers inclined to stock a wider product base and to continue to launch our pasta & sauce packs. We will also focus strategically on building the Garofalo brand in the US market, expanding its footprint, reinforcing its use in the premium end of the dry pasta segment and introducing it in the fresh pasta segment.

11 HEADCOUNT AND ENVIRONMENTAL DISCLOSURES

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

12 R&D ACTIVITY

The Ebro Foods Group has always been a front-runner in terms of new consumer trends and an international benchmark in the research and development of products applied to the food sector, Aware that R&D is essential to the Group's quality and differentiation strategy, it remained unwaveringly committed to innovation in 2019.

In total, R&D expenditure totaled 5.3 million euros in 2019 (2.9 million euros of which funded internally and 2.4 million euros, externally). Investment in R&D totaled 12 million in 2018 and mostly corresponded to payments made during the year for the new IQF rice and pasta product facilities in the US and for new filled fresh pasta processes in France.

The Group has articulated its R&D engine around its research centers in France, the US, Netherlands and Spain, which was joined last year (or in 2018) by the R&D center in Arcugnano, Italy, focused on research in the fresh pasta field. These centers and their main projects in 2019 were:

1. The Panzani Group's R&D Center, with locations in Marseille and Lyon. This center focuses its research effort on developments in the durum wheat category: dry and fresh pasta, couscous, pulses, other grains and new food transformation technology applied to cereals.

In 2019, it expanded its efforts on (i) extension of the pre-cooked pasta range; (ii) process improvements, particularly in terms of energy usage; (iii) a number of additions to the side sauce range, dry pasta with the quality of fresh pasta, pesticide-free pasta, etc.

2. Bertagni R&D Center in Arcugnano. This facility focused on technology patented by Bertagni for double-layer product sealing and the development of a new product category containing fish and another targeted at vegans.

3. United States. The US Research Department focuses on developing new and adapting existing products, processes and technologies for the US rice and pasta divisions, Its work in 2019 focused on developing: (i) a new range of cereals and pulses that cook in 10 minutes; (ii) robust local development of microwavable cup products for uses and customs in the US market; (iii) new pasta & sauce packs in a range of varieties; (iv) extensive fine-tuning of recipes and textures in pasta-based products.

4. Centers associated with the Herba Group in Moncada (Valencia), the San Juan de Aznalfarache plant, the ingredients facility in Wormer (Netherlands) and the Bruno plant, devoted to the development of new and/or improved product and technologies and to the provision of technical assistance with rice technology for the fast food and catering hospitality channels. The most important projects at these centers include: (i) research into hydrothermal, thermomechanical and chemical modification of rice starches to obtain functional features suitable for application in the industry; (ii) the development of new industrial ingredients based on rice, pulses, quinoa and cereals; (iii) the search for allergen-free ingredients for application in the food industry; and (iv) the development of vegetable and pulse-based convenience foods for vegans that are 100% organic, additive free and high in nutritional content.

13 OWN SHARE TRANSACTIONS

In 2019, the Parent had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meeting held on June 3, 2015 for a period of five years (and duly notified to the CNMV in keeping with prevailing legislation), In 2019, the Company bought back 58,000 shares, sold 28,250 and, under the scope of the employee share plan, delivered 29,750 own shares to employees, The Company did not hold any own shares at December 31, 2019.

14 OTHER RELEVANT DISCLOSURES

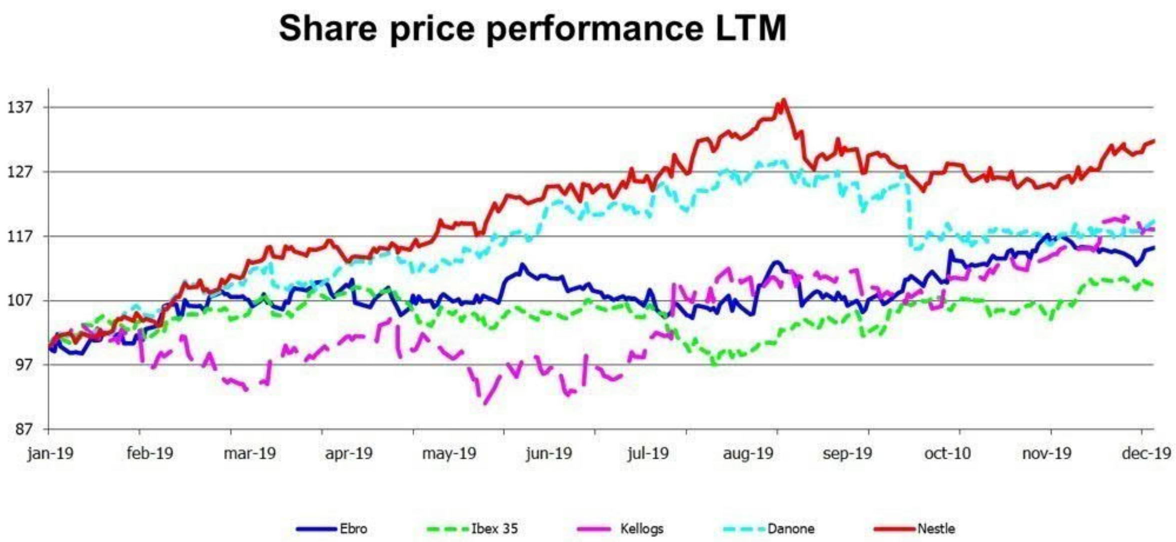
Average payment period

As required under the Spanish Corporate Enterprises Act, it is hereby noted that the average payment period of the companies domiciled in Spain was 30 days in 2019 and 2018, Calculations made in accordance with the ICAC (Spanish Accounting and Audit Institute) Resolution.

2019 MANAGEMENT REPORT (figures in thousands of euros)

	2019	**2018**
	Days	**Days**
Average supplier payment term	30.2	30.1
Paid transactions ratio	29.9	30.2
Outstanding transactions ratio	39.2	28.7
	Amount (thousands of euros)	**Amount (thousands of euros)**
Total payments made	313,733	304,145
Total payments outstanding	13,923	13,933

Share price performance



The share price outperformed the Spanish market, except for the market correction observed during the summer, after which the market went on to rally. In general investors saw the sector as a source of stability in the midst of market volatility.

Distribution of dividends

At the Annual General Meeting of June 4, 2019, the Company's shareholders ratified the motion to pay a cash dividend with a charge against 2018 profit and unrestricted reserves of 0.57 euros per share, for a total outlay of 87,703 thousand euros. The dividend was paid out in three equal instalments of 0.19 euros per share on April 1, June 29 and October 1, 2019.

2019 MANAGEMENT REPORT (figures in thousands of euros)

Alternative performance measures

In keeping with the guidelines provided by the European Securities and Markets Authority (ESMA), there follows a description of the main alternative performance measures used in this report.

These measures are used frequently and consistently by the Group to explain its business performance and their definitions have not changed.

EBITDA-A. Adjusted EBITDA, Earnings before interest, tax, depreciation and amortization and before earnings not related with the operations that generate the regular cash flows associated with the core business (essentially gains or losses deriving from transactions involving the Group's fixed assets, industrial restructuring charges, provisions for or settlements from lawsuits, etc.).

The reconciliation of EBITDA-A and operating profit is provided below:

	2017	2018	*2018/2017*	2019	*2019/2018*
EBITDA-A	**354,884**	**307,468**	**(47,416)**	**342,726**	**35,258**
Depreciation and amortization	(78,100)	(87,337)	(9,237)	(111,641)	(24,304)
EBIT-A	**276,784**	**220,131**	**(56,653)**	**231,085**	**10,954**
Non-recurring income	11,110	8,702	(2,408)	9,077	375
Non-recurring expenses	(18,261)	(12,272)	5,989	(27,721)	(15,449)
OPERATING PROFIT	**269,633**	**216,561**	**(53,072)**	**212,441**	**(4,120)**

EBIT-A. Adjusted EBIT, calculated by subtracting depreciation and amortization from EBITDA-A.

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

	YE 2017	YE 2018	YE 2019
(+) Non-current financial liabilities	472,353	533,612	826,725
(-) Other current financial liabilities	310,194	342,694	424,967
(-) Deposits payable	(98)	(97)	(97)
(-) Cash and cash equivalents	(269,411)	(171,450)	(252,072)
(-) Derivatives – assets	(146)	(498)	(714)
(+) Derivatives – liabilities	4,293	360	1,040
TOTAL NET DEBT	**517,185**	**704,621**	**999,849**

Average net debt Net debt, as above, calculated on a 13-month moving average basis.

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

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

Capital employed (average). The sum of intangible assets, property plant and equipment and working capital on a moving 13-month moving average basis, It is therefore not a simple arithmetic average or a calculation based solely on the financial information presented in the consolidated financial statements, It is not therefore possible to provide a direct reconciliation with headings, sub-totals or totals presented in the financial statements.

Working capital (average). The sum of inventories and trade and other receivables less trade and other payables on a 13-month moving average basis, As with capital employed, this metric not a simple arithmetic average or a calculation based solely on the financial information presented in the consolidated financial statements, It is not therefore possible to provide a direct reconciliation with headings, sub-totals or totals presented in the financial statements.

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

Non-Financial Statement

NON-FINANCIAL STATEMENTS

EBRO FOODS, S.A.

2019

CONTENTS

ANNEXES

1. ABOUT THIS REPORT

This report (the "**Report**") contains the Non-Financial Statements of Ebro Foods, S.A. (the "**Company**") and is part of the Management Report in the Consolidated Annual Accounts of the Company, as parent of the Ebro multinational group (the "**Ebro Group**" or the "**Group**").

Reporting Period

2019

Reporting Framework

In this statement we report on the social, environmental and/or economic aspects that are important for the Ebro Group. The report has been prepared, in all material aspects, in accordance with the stipulations of prevailing commercial law and following the criteria of the selected GRI standards, as well as other criteria described according to the relevant provisions in the "Index of contents required by Act 11/2018 of 28 December on non-financial information and diversity".

Scope and Coverage of the Report

The report presents on a consolidated level the non-financial indicators of all the companies and industrial sites operating the core businesses of the Ebro Group except for the Tilda Group, a rice business specialising mainly in the basmati variety, which was acquired on 28 August 2019 and its final consolidation on a non-financial level was not completed until practically the end of the year. Consequently, it will be included in the Non-Financial Report of the Consolidated Group as from 2020.

The offices of Ebro Foods, S.A. in Granada, Neofarms Bio (Argentina), Herba Ricemills Romania and Transimpex in Hamburg (all leased) and the three industrial plants of La Loma Alimentos, S.A. (Argentina) have also been excluded from the environmental report because their quantitative data had not been received by the closing date for this report (see Annex 1).

Changes in the reporting perimeter in respect of 2018

The main changes in the perimeter for consolidated reporting are:

1. Exclusion of JILOCA, S.A., CELNAT, S.A.S., VEGETALIA, S.L. and HERBA EGYPT. The first three were sold and the fourth was shut down during 2019.
2. Inclusion of TRANSIMPEX, GMBH, LA LOMA ALIMENTOS, S.A. and NEOFARMS BIO, S.A., which were incorporated in the Ebro Group during the second half of 2018, so they are included in the consolidated report for the first time in 2019.

Contact point for issues regarding the report or its contents

Ebro Foods, S.A.

Dirección de Comunicación and Responsabilidad Social Corporativa

Paseo de la Castellana, 20 – 3ª planta

28046 Madrid

Spain

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2. BUSINESS MODEL

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

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

The Group has a multi-company, multi-country and multi-brand business model. It has a decentralised culture in each of its subsidiaries for certain management areas, such as Commercial and Marketing, Logistics, Procurements, Human Resources and Environment, with a clear focus on the business while taking account of the specific idiosyncrasies, laws, etc. of each country. At a higher level, the parent company (Ebro Foods, S.A.), with a light, dynamic structure, is responsible for defining the Group's overall strategy and management guidelines. Decision-making is prompted by the parent's board of directors.

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

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

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

- *Healthy and organic food:* This includes the activities related with health and organic products in all our subsidiaries.

Global Presence

The Ebro Group operates worldwide through a portfolio of over 70 brands, in 84 countries, with industrial and commercial facilities in 15 of them. In the remaining 69 countries, we only engage in commercial activity. Our industrial park comprises some 74 sites, including production plants, offices and warehouses.

List of countries with commercial and industrial presence

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

List of countries with only commercial presence

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

Financial metrics

In 2019, the Ebro Group's net turnover grew by 7.6% year on year to €2,813.3 million. Its adjusted EBITDA was €342.7 million, up 11.5% on 2018. Net profit totalled €141.7 million, more or less on a par with the previous year, while net debt rose by €295 million to €999.8 million.

At 31 December 2019, the company had a market capitalisation of €2,968 million.

Environment and trends

The consumption patterns described in earlier reports continued throughout 2019 in the following areas:

More personal consumer experience

Consumers now have greater decision-making capacity, more information and more shopping tools, and they are willing to pay more for products they can relate to. This is associated with:

- Demand for quality products that are easy to prepare and immediately satisfy their wishes.
- Preference for natural, healthy, organic products. The increased consumption of fresh products and the importance given to small companies and start-ups that make consumers feel in touch with nature are very much in tune with this sentiment.
- Search for sustainable products corresponding to the circular economy that include different players in their preparation and sale.
- Desire for a greater choice. Quality private label brands have broadened their customer base, spanning practically all social classes and segments of population.

Social changes

- Ageing population, increased power of older generations. The baby boomers have transformed this segment of the population; their purchasing power has increased and their aspirations and needs (activity and health) differ from those traditionally associated with this social group.
- Smaller families, with a constant growth in the number of single-member households; new formats and customised goods and services.
- The younger generations are more concerned about social and environmental issues.
- Increased mobility and immigration in many developed countries, accompanied by new tastes and ways of preparing food.

Connectivity

The relentless penetration of mobility in internet access (more than 4 billion people with access to internet at year-end 2018, a very large proportion of whom connect through their mobiles or tablets) makes shopping faster and more universal. This, together with growing automation (self-driving cars, drones, etc.) and interchange platforms that put consumers in touch with the producers of goods and services, herald a change in food consumption and shopping habits (customised promotions, access to all sorts of food delivery services, crossing the last mile barrier in distribution, etc.).

New channels and services

- Growth of local supermarkets, with more frequent shopping and increased availability (24-hour opening, alliances with filling stations or other high-traffic points).
- Consolidation of virtual stores (such as Amazon) on the distribution market along with the new consumer trends and use of technology.
- New ways of cooking or consuming food (by order, through vending machines, snacks as meal substitutes, etc.).

All these changes have brought new challenges for distributors and producers, who are forced to use totally different marketing techniques from those prevailing up to a decade ago to reach consumers and achieve customer loyalty, and where the use of Big Data and the speed and customisation of marketing actions are becoming increasingly important.

Finally, at the date preparing this report the impact of the coronavirus pandemic on the economy in general and consumer behaviour is uncertain.

Strategy

The Group's strategy focuses on becoming a major player in the rice, pasta and healthy grains markets, and in other cross categories defined as "meal solutions". Within that strategy, the Group has the following goals:

- Reach a global position open to the incorporation of related products (such as value-added pulses).
- Consolidate our status as a benchmark business group in our different business areas.
- Lead innovation in the geographical areas in which we are present.
- And establish ourselves as a responsible enterprise, committed to social well-being, environmental balance and economic progress.

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

Principles of conduct

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

- Comply with the laws in place, acting at all times with a view to preventing and minimising economic risks, including tax risks, as well as social and environmental risks.

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

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

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

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

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

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

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

Growth levers

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

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

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

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

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

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

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

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

- Differentiation and innovation, investing in two aspects to enhance our product range:

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

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

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

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

3. CORPORATE SOCIAL RESPONSIBILITY MODEL

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

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

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

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

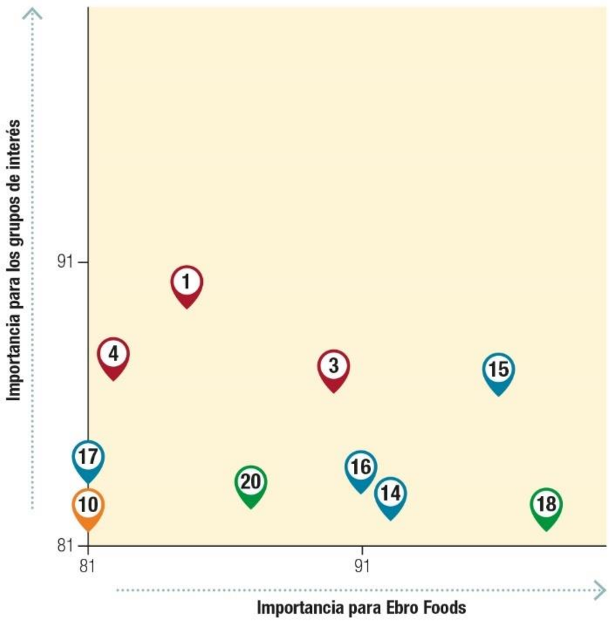
2. Detailed analysis of our value chain with a view to identifying the potential risks and impacts, both positive and negative, of our operations. Within this process we have identified three key areas, in which we can make the most valuable contributions to society, as they are inherent in our core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

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

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

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

Matriz global de materialidad



Tres aspectos destacan por su relevancia para la organización y sus grupos de interés:

Maximizar la calidad y la seguridad alimentaria a lo largo de la cadena de valor.

Prevenir y evitar accidentes y daños mejorando la seguridad del empleo directo e indirecto (fabricación y distribución)

Implementar políticas ambientales (sobre todo aquellas relacionadas con el cambio climático y el agua)

Global materiality matrix

[Eje vertical: Importance for stakeholders
Eje horizontal: Importance for Ebro Foods]

Three aspects stand out for their importance for the organisation and its stakeholders:

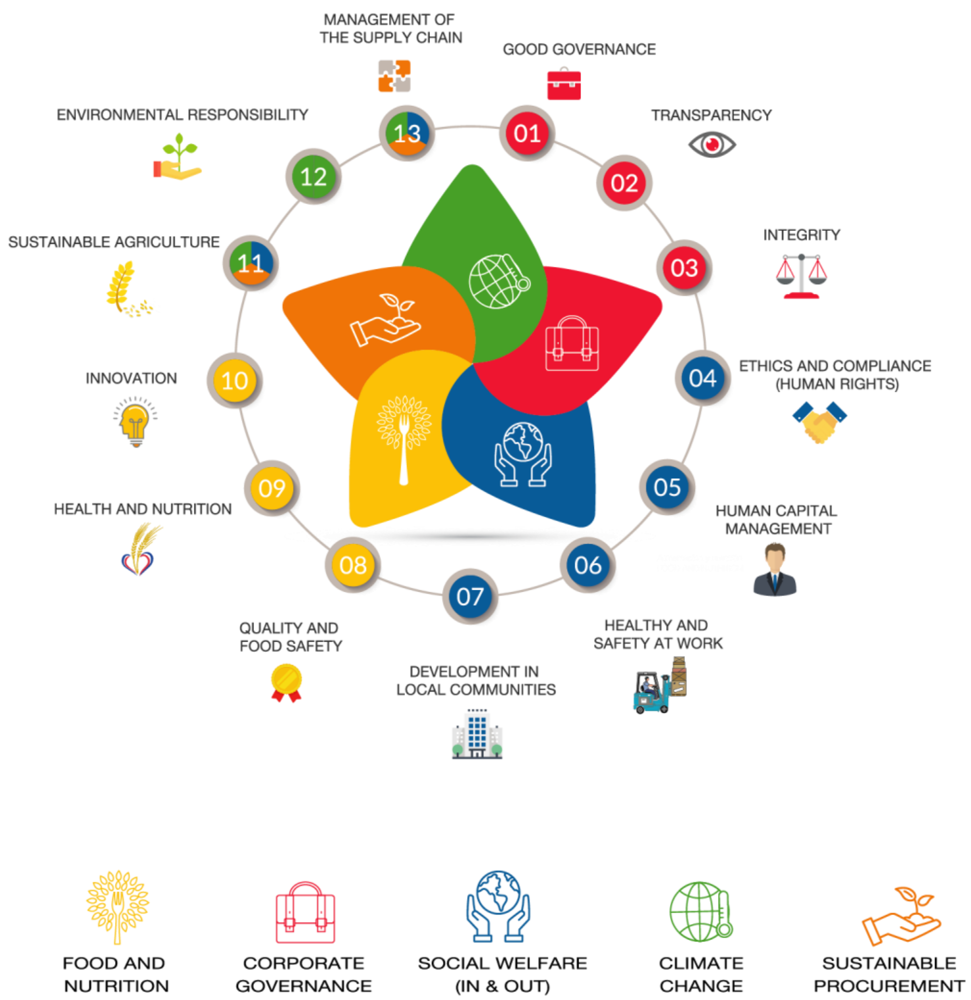
- Maximising the sustainability, quality and safety of food throughout the value chain
- Preventing and avoiding accidents and damage by improving the safety of direct and indirect jobs (manufacturing and distribution)
- Implementing environmental policies (especially those related with climate change and water)

HEALTH AND SAFETY OF WORKERS (DIRECT AND INDIRECT)	
1	Prevent and avoid accidents and damage by improving the safety of direct and indirect jobs
3	Promote compliance with human rights throughout the supply chain
JOB QUALITY	
4	Manage human resources responsibly (equality, work-life balance, diversity)
DRIVING FORCE FOR INNOVATION	
10	Invest in developing better food solutions for society
PROMOTE HEALTHY, SUSTAINABLE FOOD	
14	Use raw materials based on environmental and social sustainable principles as ingredients for ready-to-serve dishes
15	Promote sustainable growing and production of the principal raw materials used
16	Foster sustainable good practices throughout the supply chain
MAXIMISE FOOD QUALITY AND SAFETY	

17	Promote the implementation of management systems and tools to maximise quality and information for consumers
IMPLEMENT ENVIRONMENTAL POLICIES	
18	Make the fight against climate change one of the organisation's focal points
20	Develop policies and make investments to reduce and optimise water consumption

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

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



To make these 13 priorities effective, during 2019 we embarked on the Global Sustainability Plan HEADING FOR 2030 [“RUMBO A 2030”], with the slogan **Caring for you and the Planet**. This Plan lays down the guidelines and action plans that the Ebro Group will implement from 2019 to 2030 to meet the demands and expectations expressed by our stakeholders in the materiality analysis, contribute towards achievement of the Agenda 2030 and minimise the negative impacts that our operations may have on the environment while maximising the positive effects of those activities.

The three main pillars of action of HEADING FOR 2030 are people, health through food and the planet.

With regard to people, the Plan promotes the well-being at work of our professionals, supporting ongoing training and professional development to retain talent, seeking ways to achieve a good work-life balance and ensuring equal opportunities, diversity and health and safety at work. It also continues to implement actions that contribute towards social and economic development in our areas of influence.

Our primary goals in caring for the planet are to guarantee the environmental efficiency of all the Group’s operations, working to mitigate and adapt to the effects of climate change and the sustainability of our principal raw materials.

As for the third pillar, with the aim of securing the health and well-being of our consumers, in addition to its heavy investment in R&D and innovation to guarantee a broad range of safe, healthy products, the Group will continue to oversee the quality and food safety of those products while actively promoting healthy eating habits and lifestyles.

2019 was the starting point for this Plan and the definition of part of the indicators that will monitor the progress achieved in each of the goals up to 2030. We will be able to report on the progress towards each goal as from 2020. During this year, 2020, we will also complete quantification of the goals yet to be determined within HEADING FOR 2030, essentially those referring to the environment. In addition, a specific microsite has been set up on the domain caringforyouandtheplanet.com as an information and monitoring tool for the Plan.

Alliances with environmental and social entities and initiatives

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

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

	Sustainable Rice Platform (SRP) http://www.sustainablerice.org/
	Sedex https://www.sedexglobal.com/es/
	Ecovadis https://www.ecovadis.com/es/
	Ceflex https://ceflex.eu/

External assessments

Since 2015, Ebro Foods has been part of the FTSE4Good Index Series, an international sustainability index that includes companies that prove their commitment and leadership in environmental, social and corporate governance aspects. Our inclusion in this index verifies that we are a socially responsible investment vehicle.

Regulatory framework

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

1. Code of Conduct of the Ebro Group
2. Supplier Code of Conduct

3. Corporate Social Responsibility Policy
4. Social Policy
5. Risk Control and Management Policy
6. Corporate Governance Policy
7. Internal Code of Market Conduct
8. Policy for the Selection and Diversity of Directors
9. Senior Executive Remuneration Policy
10. Dividend Policy
11. Investment and Financing Policy
12. Treasury Stock Policy
13. Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors

In addition to the foregoing, in 2019 the Board of Directors of Ebro approved the Group's Policy against Corruption and Bribery.

4. RISK MANAGEMENT

As one of the corporate policies approved by the board of directors, the Risk Control and Management Policy lays down the basic principles and general framework for control and management of our business risks, including tax risks, and internal control of financial reporting to which the Company and other companies in the Group are exposed.

Within this general framework, the integral, homogenous Risk Control and Management System is based on the preparation of a business risk map, where risks are identified and assessed and risk management capacity is graded to obtain a ranking of risks from greater to lesser impact for the Group and their probability of occurrence. The risk map also identifies the measures to mitigate or neutralise the risks identified. The risk universe is grouped into four main groups: compliance, operational, strategic and financial. The first three groups also include the principal non-financial risks related with the company's business:

Operational risks

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

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

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

   The main control points are grouped into:

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

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

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

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

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

Environmental and strategical risks

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

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

2. Climate change. Global warming is a serious threat to the Group owing to our direct dependence and impact on natural resources such as land or water and their importance for the proper development of our business activities. Accordingly, we have set up a task force to study and classify the potential impacts that climate change may have on our organisation and assign to each one the appropriate mitigation and/or adaptation measures, based on a prior matrix of risks already identified*. Our sustainability plan HEADING FOR 2030 (caringforyouandtheplanet.com), started up in 2019, contemplates a number of actions and goals for these measures, such as: 1) making a more efficient consumption of water and energy; 2) reducing, recovering and re-using waste; 3)

recycling packaging; 4) optimising logistics; and 5) using new sustainable agriculture models and technologies.

*Initial matrix of potential risks deriving from climate change

TYPES OF RISK	RISKS	IMPACTS	MEASURES
Financial Operational Strategic	Extreme weather events: droughts, torrential rain, hurricanes…	1. Changes in the quality and quantity of harvests 2. Raw material price volatility 3. Production shutdown due to damage to own and/or external infrastructures 4. Rise in consumer prices	1. Geographical diversification for sourcing 2. Diversification of product portfolio 3. Anticipation of possible risks of weather perils when choosing workplace locations 4. Permanent innovation
Strategic Operational	Rising temperatures	1. Smaller consumption of seasonal products 2. Changes in consumer habits 3. Greater energy consumption 4. Changes in crop yields	1. Diversification of product portfolio 2. Innovation 3. Improvement of energy efficiency 4. Innovation in agricultural technology and seed varieties 5. Sustainable agriculture
Financial	Higher taxes and rates for energy, water or transport	Smaller profits, new investments to adapt to changing market circumstances	1. Improvement of energy efficiency 2. Optimisation and sustainability of logistics 3. Promotion of and incentive to improve sustainability in the company
Financial Compliance	Laws or Regulations imposing limits on emissions and fines for exceeding them	Financial, need for additional investments to adapt to the new laws/regulations	1. Anticipation of new legal requirements, analysing trends, participating in forums, etc.

			2. Consistent internal regulation of the matter 3. Promotion of and incentive to improve sustainability in the company
Reputational Strategic	Negative reputation for lack or breach of commitments regarding climate change	1. Brand image, reputation 2. Loss of business	1. Publication of the company's good environmental practices 2. Participation in sectoral forums and entities related with the environment
Reputational Financial	Withdrawal of investment funds/shareholders due to non-compliance with required ESG criteria	1. Image, reputation 2. Market instability	1. Consistent internal regulation of the matter 2. Publication of the company's good practices 3. Proactive communication attitude

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

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

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

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

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

Compliance risks

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

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

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

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

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

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

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

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

In the process of classifying risks, a dynamic assessment is made of both inherent risk and the residual risk after applying the internal controls and protocols established to mitigate them. Those controls include preventive measures together with adequate segregation of duties, clear levels of authorisation and the definition of policies and procedures. These controls can in turn be grouped into manual and automatic, the latter being implemented by computer applications.

This model is both qualitative and quantitative and can be measured in the Group's earnings, so the risk level is considered acceptable or tolerable on a corporate level.

The Risk Control and Management System is dynamic, so the risks to be considered vary with the circumstances in which the Group operates.

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

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

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

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

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

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

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

NB: Further information on the description of risks and risk control and management system is available in section 4 of the Management Report and section E of the Annual Corporate Governance Report, both available on the corporate website.

5. HUMAN RIGHTS

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

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

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

Grievance and follow-up mechanisms

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

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

Four incidents of discrimination were reported in Riviana Foods (USA) during 2019. Three incidents has already been investigated and solved (two in favour of Riviana and one in favour of the employee) and the other one is pending solution.

2019					
Company	Men	Women	Addressed	Solved	Total grievances
Riviana	3	1	4	3	**4**

2018					
Company	Men	Women	Addressed	Solved	Total grievances
Riviana	3	2	5	1	**5**

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

Audits made at Ebro Group workplaces

Company	Site	Country	Date	Type of Audit	Audit Company
Geovita	Bruno (AT)	ITALY	14/02/2020	SMETA	SGS Italy
Herba Ingredients BV	Plants B, C, E, F	BELGIUM	20/12/2019	SMETA	SGS CBE Belgium
S&B Herba Foods	Regent Mill	UNITED KINGDOM	08/08/2019	SMETA	BVCERT 4 Pillar Audits
S&B Herba Foods	Fulbourn Mill	UNITED KINGDOM	16/05/2019	SMETA	BVCERT 4 Pillar Audits
Ebro India	Ebro India	INDIA	10/07/2019	SMETA	DNV GL
Herba Ricemills	La Rinconada	SPAIN	18/06/2019	SMETA	Intertek Spain
Herba Ricemills	San Juan de Aznalfarache	SPAIN	25/04/2019	WCA	Intertek
Bertagni	Vicenza	ITALY	27/02/2019	WCA	Intertek
Garofalo	Gragnano	ITALY	21/01/2019	SA8000	DNV GL
Garofalo	Gragnano	ITALY	30/07/2019	SA8000	DNV GL
Herba Bangkok	Nong Khae	THAILAND	16/11/2018	BSCI	BureauVeritas
Herba Bangkok	Nong Khae	THAILAND	13/09/2019	Fair Trade	Flocert

Lassie	Wormer	NETHERLANDS	06/12/2019	SMETA	SGS
Riviana (pasta business)	Winchester	USA	05/03/2019	SMETA	SGS North America, Inc.

Training on human rights policies and procedures given during the year

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

	2019				2018			
Company	No. employees trained	No. hours	Total employees	% of total employees	No. employees trained	No. hours	Total employees	% of total employees
Ebro India	151	302	151	100.00%	123	246	123	100.00%
Garofalo					134	1	193	69.43%
Herba Bangkok	124	1	227	54.63%	188	1	188	100.00%
Herba Cambodia	6	3	6	100.00%	6	3	6	100.00%
Lassie	71	71	71	100.00%				
S&B Herba Foods	4	1	106	3.77%	8	2	104	7.69%
Transimpex	64	1	64	100.00%				

The Ebro Group did not have any security personnel on its payroll during 2019.

Human Rights due diligence

To support the Group's commitment to Human Rights, the Sustainability Plan HEADING FOR 2030 contemplates a specific working area in Human Rights for the coming years. Accordingly, the main actions that will be taken as from this year 2002 are: (i) a due diligence process to identify the possible impacts of our organisation on Human Rights and draw up a map of significant issues in this area, for both our businesses and the value chain; and (ii) further awareness and training programmes promoted by the parent in addition to those already in place.

6. ANTI-CORRUPTION AND BRIBERY MEASURES

CORRUPTION AND BRIBERY

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

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

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

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

The general regulation set out in the Code of Conduct is supplemented on a corporate level with the Policy against Corruption and Bribery approved by the parent's board of directors in April 2019. All the principles, values and rules for action established in the Code of Conduct for combating corruption and fraud are developed in the specific, verifiable terms of that Policy.

The global regulation of the Code of Conduct and the principles set out in the Policy against Corruption and Bribery are backed up locally in the different regions in which the Group operates.

- In the principal Spanish companies, the Ebro Group also has a crime prevention model that identifies the potential criminal risks deriving from its activities and the mitigation measures established to try to eliminate (or minimise as far as possible) the risk of committing criminal offences, which include corruption and bribery. The crime prevention model identifies the measures implemented to mitigate the risk of committing offences of corruption, bribery, influence peddling and money laundering. Its effectiveness and application are monitored and checked regularly by the Compliance Unit, within the reporting system of the current crime prevention model. During 2019, the existing criminal risk map was reviewed and updated with counselling from external specialists. That work is expected to be completed during the first half of 2020. Within that review and updating process, a specific training plan is to be designed for employees, which will include training on the prevention of corruption and fraud, owing to its importance.

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

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

- The Group's Indian subsidiary has a Vigil Mechanism/Whistleblower Policy, adapted to the applicable local laws (section 177(9) of the Companies Act and Rule 7 of the Companies Rules), through which a communication channel is made available to all employees to report to the company any conduct that infringes the Code of Conduct (in addition to the Group's reporting channel). Through that channel, any possible indication of unlawful conduct (including, therefore, any that may be considered acts of corruption) must be reported to the Vigilance and Ethics Officer of the company for investigation and adoption of whatever measures may be necessary. All new hires in the Group's Indian subsidiary receive specific information within their inception training on combating corruption, including the general rules established in the Code of Conduct, the specific rules of the Vigil Mechanism and the hierarchical structure for reporting suspicious conduct. Also within that policy, due diligence is conducted on potential overseas customers and they are required to certify that they do not participate and have not participated in any acts of corruption or bribery.

- In France, in pursuance of the local laws (SAPIN 2 Act of 10 December 2016), the Panzani Group implemented a Code of Conduct to combat and prevent corruption as of 1 January 2020. The aim of that Code of Conduct is to make employees aware of the prohibited conduct and the best practices for dealing with potentially hazardous situations within their professional activity. The Code was defined and implemented based on the corruption risk map drawn up by Panzani with specialist external counselling. The regulation contained in that Code is supplemented with the Guide for Use of the "Ethical Alert device" (*dispositif d'alerte Professionnelle "Alerte Ethique"*), an internal channel within Panzani through which any employee in that group can confidentially report any indication of infringement of the Code of Conduct, with guaranteed protection from reprisals.

In the same context, just as in 2018, the companies Riviana Foods, Catelli Foods Corporation and Ebro India provided anti-corruption training for their employees in 2019. That ongoing training is included in regular training plans, thus ensuring the constant updating of employee knowledge on the matter. Other subsidiaries that have also provided training in this area are Herba Bangkok (Thailand), Lassie (Netherlands) and S&B Herba Foods (UK).

	2019			2018		
Company	No. employees	No. employees receiving anti-corruption training	% of employees trained	No. employees	No. employees receiving anti-corruption training	% of employees trained
Catelli	369	369	100.00%	368	368	100.00%
Ebro India	151	151	100.00%	123	123	100.00%
Herba Bangkok	227	124	54.63%			0.00%
Lassie	71	71	100.00%			0.00%
Riviana	1214	1214	100.00%	1274	1274	100.00%
S&B Herba Foods	106	106	100.00%	104	0	0.00%

In France, employees are to receive tutorials and specific training in the prevention of corruption during 2020.

No cases of corruption have been reported in any companies of the Ebro Group. Nor have any of the Group's business partners reported any cases of this nature.

MONEY LAUNDERING

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

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

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

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

7. VALUE CREATION MODEL

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

SOCIAL CASH FLOW

(€ 000)	2019	2018*
Economic value generated		
Net turnover	2,813,298	2,613,947
Other income	11,840	37,370
Interest income	24,954	22,862
Share of profits of associates		5,017
	2,855,335	**2,679,196**
Economic value distributed		
Consumption & other external expenses	(1,518,029)	(1,443,203)
Employee benefits	(388,751)	(353,975)
Other operating expenses	(597,010)	(547,961)
Interest expense	(40,476)	(31,290)
Corporate income tax	(64,233)	(63,036)
Net income from discontinued operations	16,043	626
Contribution to not-for-profit entities	(2,734)	(2,280)
Dividends(**)	(98,588)	(95,566)
	(2,693,778)	**(2,536,685)**
Economic value retained	**161,557**	**142,511**

(*) The information for 2018 does not include the businesses in which we divested during 2019

(**)Dividends paid in the corresponding year

TAX INFORMATION

With a view to guaranteeing responsible compliance with the tax laws in place in the jurisdictions in which it operates, the Ebro Group has developed several procedures to secure transparent, honest tax management and payment of taxes.

The Ebro Group does not use opaque structures consisting of interposing base companies in low-tax or non-tax countries and/or territories not cooperating with the tax authorities. Nor does it engage in any business in any of the jurisdictions listed as tax havens in Supplementary Provision 1 of the Spanish Tax Fraud Prevention Measures Act 36/2006, as amended by Final Provision 2 of Act 26/2014 of 27 November.

In 2019, the Ebro Group directly paid €63.8 million to the tax authorities in the different countries in which it operates. This was more than the tax paid in the previous year, mainly due to the increase in taxable income in the USA and the smaller rebates in Spain for advance tax paid in earlier years.

Breakdown of tax payments

(€ 000)	2019	2018
Income Tax paid	53,506	31,490

Taxes paid, by countries

	2019		2018	
	Net IT	Other Taxes	Net IT	Other Taxes
Spain	2,734	445	(17,323)	1,039
Rest of Europe	21,431	6,003	30,876	6,185
America	28,550	3,939	16,445	4,837
Asia	219	0	1,065	47
Africa	572	0	427	111
Total	**53,506**	**10,387**	**31,490**	**12,219**

Most significant countries	IT	Other Taxes
Spain	2,734	445
France	12,629	5,853
Italy	4,164	150
USA	26,502	3,371
UK	2,651	0

Pre-tax profit, by countries

(€ 000)	2019 Pre-tax profit
Spain	(801)
Rest of Europe	91,333
America	106,682
Asia	2,133
Africa	(869)
Total	**198,478**

Most significant countries	Pre-tax profit
Spain	(801)
France	46,943
Italy	20,321
USA	103,891

Public grants received

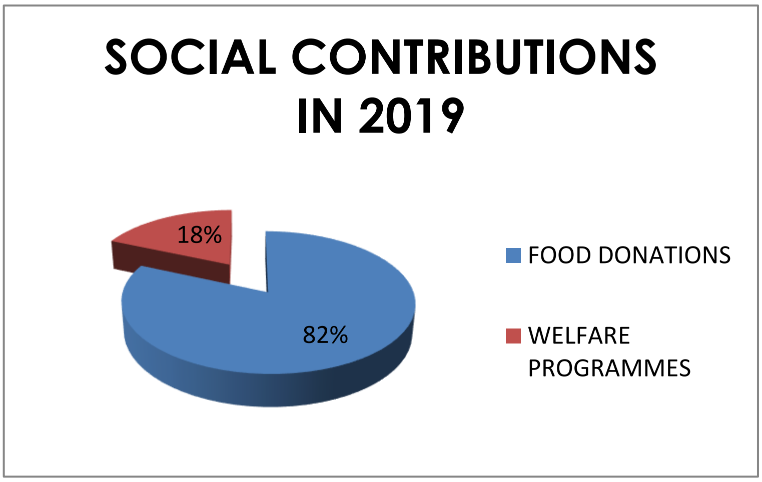
(€ 000)	2019	2018
Capital grants received	6,375	131
Operating grants received	427	537

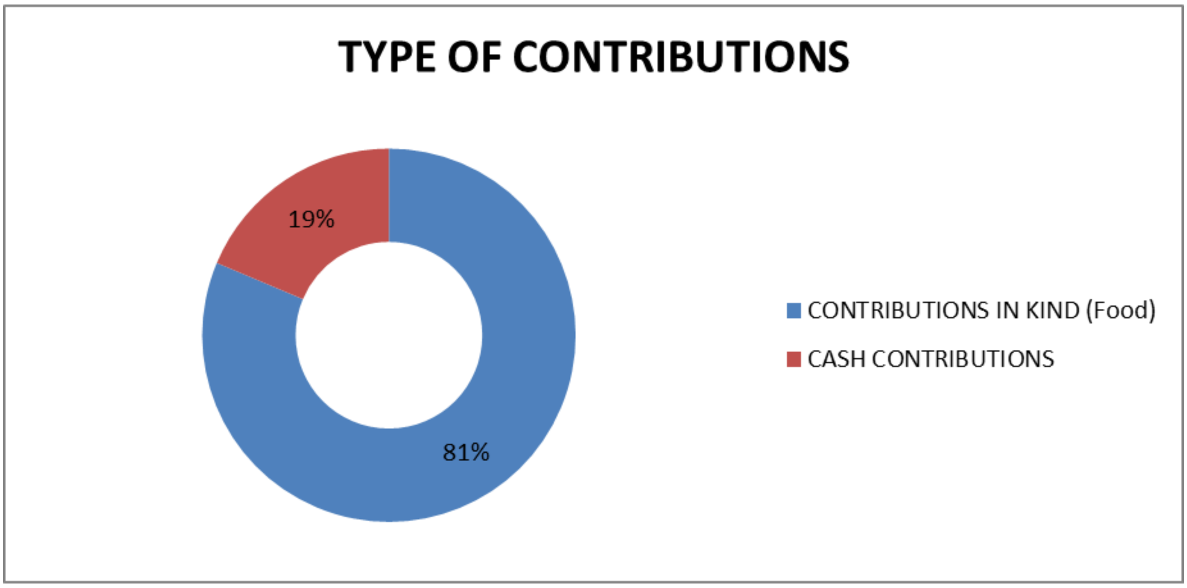
COMMITMENT TO THE DEVELOPMENT OF LOCAL COMMUNITIES

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

Through the Ebro Foundation and its different companies, the company allocated €2,734,272 to implementing this commitment in 2019. The Ebro Group and the Ebro Foundation have participated in projects created by different not-for-profit organisations and promoted and developed motu proprio initiatives of social and environmental interest.

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





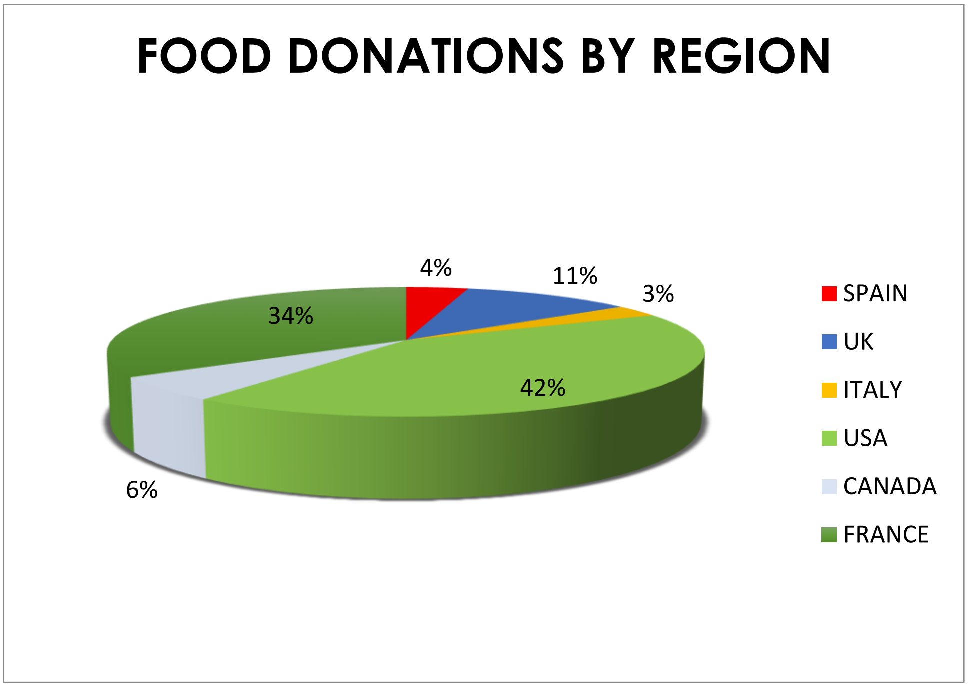
DONATIONS OF FOOD

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

Donations to food banks

Total donations to food banks by Group companies in Spain, France, USA, Canada and Italy amounted to €2,177,067 in 2019, with almost 2,000 tonnes of food delivered.

COUNTRY	COMPANY	AMOUNT
Spain	Herba Ricemills	97,084.79 €
USA	Riviana Foods	1,034,684.00 €
Canada	Catelli Foods	147,330.00 €
Italy	Garofalo	74,259.67 €
France	Panzani	823,709.00 €
	TOTAL	**2,177,067.46 €**



In Spain, as well as food deliveries to different food banks by Herba Ricemills, the Ebro Foundation also contributed €100,000 in cash to the Spanish Federation of Food Banks (FESBAL) to buy the boxes used for the massive food collection organised at the end of November 2019.

WELFARE PROGRAMMES

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

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

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

* Principal activities of the Ebro Foundation in 2019

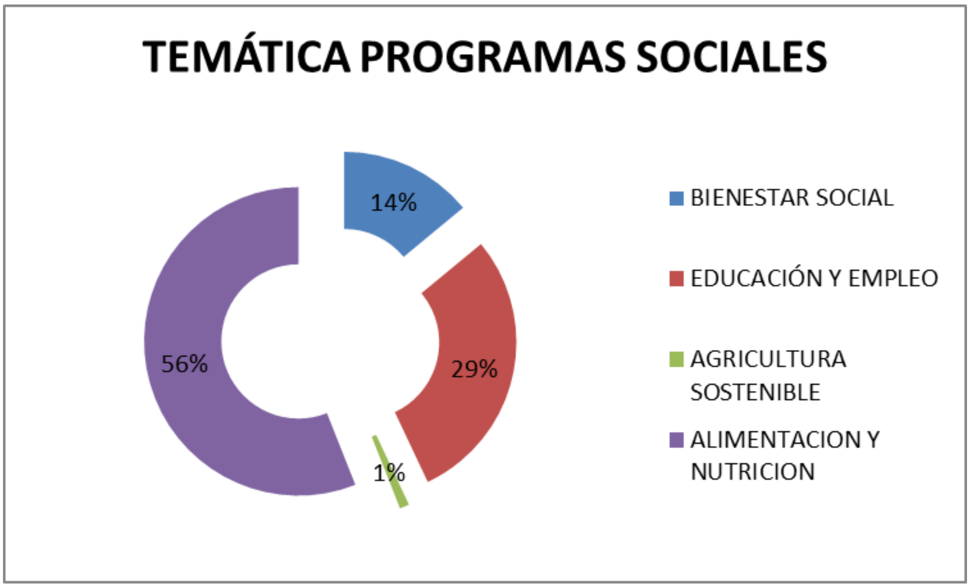
INVESTMENT: €557,204

ENTITIES SUPPORTED: 52

PROJECTS: 59

COUNTRIES: 3

BENEFICIARIES: 15,241



TYPES OF WELFARE PROGRAMMES

SOCIAL WELL-BEING

EDUCATION & EMPLOYMENT

SUSTAINABLE AGRICULTURE

FOOD & NUTRITION

1. Welfare programmes in food and nutrition

Social assistance and school meal grants

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

Food and nutrition programmes

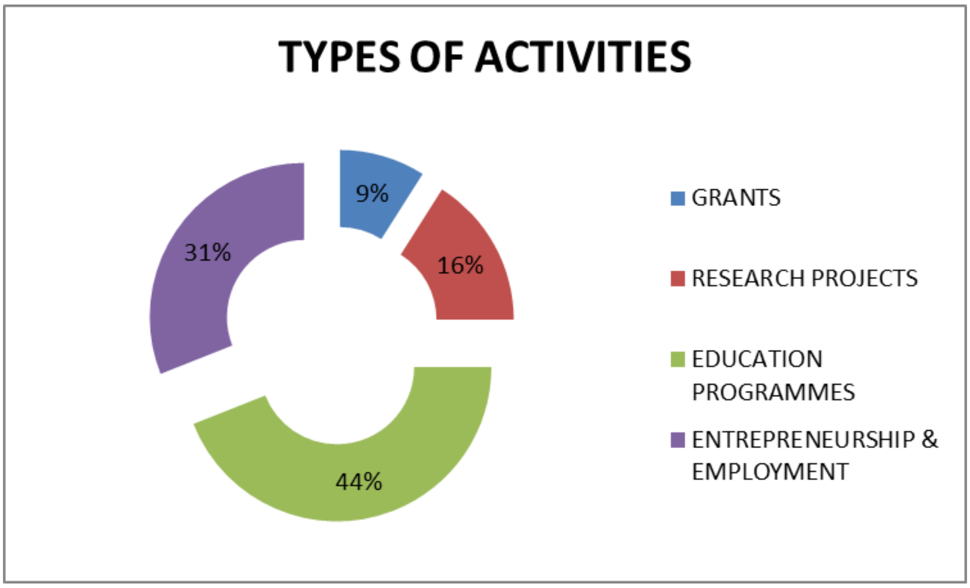
Participation in programmes that combine food and health, food and social development, and food and environmental sustainability.

The global investment made in this area in 2019 was €303,656.

2. Education and employment

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

The overall investment in this area was €160,611, distributed as follows:



3. Sustainable agriculture

The Foundation also supports the sustainable agriculture strategy put into practice by the Ebro Group. It develops and promotes programmes for implementing crop standards that are sustainable from a social and environmental point of view in our principal raw material sourcing regions. The investment by the Foundation in this area in 2019 was €7,546, since most of the items were implemented directly by Group companies.

NB: Information on all our sustainable agriculture projects is set out in the chapter "Commitment to the Environment" in this Report.

4. Welfare action in regions of interest

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

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

During 2019, the Foundation allocated €75,381.11 to supporting different entities in Seville, Madrid, Valencia, India and Morocco.

8. OUR PROFESSIONALS

One of the main sources of value generation in the Ebro Group lies in its 7,304 professionals, 6,117 direct employees of the company and 1,187 contracted through different external agencies. A very close-knit team of professionals with enormous talent potential aligned with the organisation's strategy. Through the human resources departments of the different subsidiaries, the Ebro Group endeavours to motivate these professionals by offering a high quality job while at the same time strengthening their skills, powers and personal and professional leadership.

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

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

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

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

[El texto lo tenéis del año pasado. Si lo necesitáis de nuevo me decís. Por favor, comprobad que en DIVERSIDAD pone en la segunda viñeta “persons with different abilities” (no capabilities)]

At present, only two companies in the Ebro Group have implemented policies on disconnection from work, Panzani and Lustucru, within their Work Life Quality Action.

A. EMPLOYMENT

The employee numbers indicated in the following tables refer to the average workforce of the Ebro Group during 2019.

Total number and distribution of employees by gender

	2019		2018	
Gender	Total employees	% of total Group headcount	Total employees	% of total Group headcount
Men	4,315	70.54%	4,323	71.56%
Women	1,802	29.46%	1,718	28.44%
Total employees	6,117		6,041	

NB: The large gap between men and women is largely due to the nature of the Group, which is predominantly factory-based. Generally speaking, factory work has traditionally been done mainly by men. In this context, over 70% of the personnel employed within the Ebro Group overall are men, 50% of whom are factory employees.

Breakdown of employees by age group

Age Group	2019 Total employees	2019 % of total Group headcount	2018 Total employees	2018 % of total Group headcount
<=30	1,015	16.59%	953	15.78%
30 - 50	3,112	50.87%	3,192	52.84%
>= 50	1,990	32.53%	1,896	31.39%
Total employees	6,117		6,041	

Breakdown of employees by country

Country	2019 Total employees	2019 % of total Group headcount	2018 Total employees	2018 % of total Group headcount
Argentina	93	1.52%	---	---
Belgium	97	1.61%	96	1.59%
Cambodia	6	0.10%	6	0.10%
Canada	369	6.13%	368	6.09%
Denmark	50	0.83%	47	0.78%
Egypt	---	---	53	0.88%
France	1,575	26.15%	1,647	27.26%
Germany	166	2.76%	88	1.46%
Hungary	5	0.08%	5	0.08%
India	151	2.51%	123	2.04%
Italy	649	10.77%	580	9.60%
Morocco	258	4.28%	266	4.40%
Netherlands	136	2.26%	127	2.10%
Portugal	67	1.11%	67	1.11%
Romania	11	0.18%	9	0.15%
Spain	920	15.27%	978	16.19%
Thailand	227	3.77%	188	3.11%
United Kingdom	123	2.04%	119	1.97%
USA	1,214	20.15%	1,274	21.09%
Total employees	6,117		6,041	

Breakdown of employees by professional category

Professional category	2019 Total employees	2019 % of total Group headcount	2018 Total employees	2018 % of total Group headcount
Executives	157	2.57%	168	2.78%
Middle management	821	13.42%	843	13.95%
Administrative staff	727	11.88%	737	12.20%
Auxiliary staff	1,400	22.89%	1,256	20.79%
Sales representatives	270	4.41%	263	4.35%
Others	2,742	44.83%	2,774	45.92%
Total employees	6,117		6,041	

Total number and breakdown of employees by type of contract

	Total number of contracts
Indefinite / permanent contracts	4,046
Fixed-term / temporary contracts	436
At Will contracts	1,598
Total number of contracts	6,080

NB:

(i) This table does not include the temporary contracts of Herba Ricemills, because the final numbers were not available at the date of issuing this report.
(ii) This table shows the total number of contracts as of 31/12/2019.

Annual average contracts by gender

Average contracts by gender					
Permanent contract		Temporary contract		Part-time	
Men	Women	Men	Women	Men	Women
3,990	1,901	420	287	78	109

NB:

(i) The average number of part-time contracts is also included in the average number of permanent and temporary contracts.
(ii) The At Will contracts are included in permanent contracts.
(iii) The average number of temporary contracts does not include the temporary contracts of Herba Ricemills, because the final numbers were not available at the date of issuing this report.

Annual average contracts by age group

Age								
Permanent contract			Temporary contract			Part-time		
<= 30	30 - 50	>= 50	<= 30	30 - 50	>= 50	<= 30	30 - 50	>= 50
794	2,846	2,251	181	291	235	31	60	96

NB:

(i) The average number of part-time contracts is also included in the average number of permanent and temporary contracts.
(ii) The At Will contracts are included in permanent contracts.
(iii) The average number of temporary contracts does not include the temporary contracts of Herba Ricemills, because the final numbers were not available at the date of issuing this report.

Annual average contracts by professional category

	Average permanent contracts
Executives	166
Middle management	880
Administrative staff	767
Auxiliary staff	1,379
Sales representatives	285
Others	2,415
TOTAL	5,892

NB:

(i) The At Will contracts are included in permanent contracts.
(ii) This average includes both full-time and part-time permanent contracts.

	Average temporary contracts
Executives	27
Middle management	99
Administrative staff	27
Auxiliary staff	53
Sales representatives	49
Others	452
TOTAL	707

NB: This average includes both full-time and part-time temporary contracts.

	Average part-time contracts
Executives	7
Middle management	19
Administrative staff	50
Auxiliary staff	32
Sales representatives	10
Others	69
TOTAL	187

NB: This average includes both permanent and temporary part-time contracts.

Number of dismissals by gender, age and professional category

	2019							2018						
	Men			Women			TOTAL	Men			Women			TOTAL
Professional category	< 30	>30<50	> 50	< 30	>30<50	> 50		<30	>30<50	>50	<30	>30<50	>50	
Executives	0	1	1	0	0	0	2	0	1	1	0	0	0	2
Middle management	0	8	7	0	3	0	18	1	3	7	2	3	3	19
Administrative staff	4	10	2	1	2	5	24	1	4	1	1	6	2	15
Auxiliary staff	22	26	9	6	12	4	79	43	52	27	10	16	4	152
Sales representatives	0	0	0	1	0	1	2	0	3	0	0	1	2	6
Others	13	17	5	3	8	1	47	10	7	8	0	1	0	26
Total employees dismissed	39	62	24	11	25	11	172	55	70	44	13	27	11	220

B. ORGANISATION OF WORK

Organisation of working time

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

Absenteeism

In the Group overall, absenteeism totalled 442,208 hours.

These hours of absenteeism correspond to the Group's own employees and include grounds such as injury, occupational disease, sick leave and doctor's appointments, etc., although they exclude authorised absence such as for parental, holiday or study leave.

Welfare benefits for employees

The following table shows, by company, the benefits provided for employees:

COMPANY	WELFARE BENEFITS	TYPE OF EMPLOYEE
Arrozeiras Mundiarroz	Parental leave	All employees
	Disability/invalidity cover	All employees
	Medical insurance	Full-time employees
Bertagni	Parental leave	All employees
	Medical insurance	All employees
Boost Nutrition	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Catelli Foods Corporation	Parental leave	Full-time employees
	Disability/invalidity cover	Full-time employees
	Pension fund	Full-time employees
	Life insurance	Full-time employees
	Medical insurance	Full-time employees
Ebro Foods Holding	Parental leave	All employees
	Disability/invalidity cover	All employees

COMPANY	WELFARE BENEFITS	TYPE OF EMPLOYEE
	Reimbursement children's education and medical expenses	All employees
Ebro India	Parental leave	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Geovita	Fondo Assistenza Sanitaria Alimentaristi [Healthcare Fund for Food Industry]	Part-time employees
Herba Bangkok	Parental leave	All employees
	Disability/invalidity cover	Full-time employees
	Pension fund	Full-time employees
	Life insurance	Full-time employees
	Medical insurance	Full-time employees
Herba Ingredients	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Herba Ricemills	Shares	All employees
	Parental leave	All employees
	Disability/invalidity cover	All employees
	Life insurance	All employees
	Medical insurance	All employees
Herba Ricemills Romania	Medical insurance	Full-time employees
La Loma Alimentos	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Lassie	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees

COMPANY	WELFARE BENEFITS	TYPE OF EMPLOYEE
	Medical insurance	All employees
Lustucru	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Mundi Riso	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Medical insurance	All employees
	Welfare Bit cover	All employees
Mundi Riz	Parental leave	All employees
	Disability/invalidity cover	All employees
	Medical insurance	Full-time employees
Panzani	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Pastificio Lucio Garofalo	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Rivera del Arroz	Parental leave	All employees
	Disability/invalidity cover	All employees
	Medical insurance	Full-time employees
Riviana Arroz	Parental leave	Full-time employees
	Disability/invalidity cover	Full-time employees
	Pension fund	All employees
	Life insurance	Full-time employees
	Medical insurance	Full-time employees
Roland Monterrat	Parental leave	Full-time employees
	Disability/invalidity cover	All employees

COMPANY	WELFARE BENEFITS	TYPE OF EMPLOYEE
	Pension fund	Full-time employees
	Life insurance	All employees
	Medical insurance	Full-time employees
S&B Herba Foods	Parental leave	All employees
	Disability/invalidity cover	All employees
	Pension fund	All employees
	Life insurance	All employees
	Medical insurance	All employees
Transimpex	Parental leave	All employees
	Medical insurance	All employees

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

Work-life balance

The Group continues to seek ways of improving its employees' work-life balance, developing measures that give them greater flexibility to cope with their personal circumstances, such as parental leave or compassionate leave (to look after sick relatives, childcare, etc.).

One of the measures contemplated in the Sustainability Plan HEADING FOR 2030 in this regard is the progressive introduction of homeworking in the jobs in which this is possible. Although this option is already available for specific days in most of our companies, to enable employees to cope with certain needs, in some companies the first steps were taken in 2019 to implement this alternative as a regulated procedure.

Employees with homeworking options

	2019		
Professional category	Men	Women	Total
Administrative staff	0	3	3
Sales representatives	6	4	10
Executives	5	4	9
Middle management	44	74	118
No. employees with homeworking options	55	85	140

Parental leave

	2019			2018		
	Men	Women	Total	Men	Women	Total
Employees who took leave/employees entitled to leave (%)	92%	100%	96%	96%	100%	98%

C. HEALTH AND SAFETY

All the Group companies and their respective plants have an occupational hazard prevention and management system in place. This system is implemented using both internal resources and external firms. In addition, 91% of the workforce is represented on the Health and Safety Committees in the different companies.

Health and safety aspects covered in formal agreements with unions

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

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

Several investments have been made in health and safety over the year, mainly for the purchase of personal protection equipment, machinery protection, regular inspections of safety equipment, first aid training and materials, medical examinations, etc.

Workplace safety

All our employees are covered by occupational hazard prevention measures, provided with both internal resources and through external firms.

The following figures correspond to employees on the Group's payroll:

	2019	
	Men	Women
Number of lost time injuries	162	36

	2019	
	Men	Women
Injury rate	22.88	13.43

	2019	
	Men	Women
Lost day rate	0.66	0.52

NB:

(i) The 2018 figures are not shown because last year's report only included the figures for Herba Ricemills, Lustucru, Panzani, Riviana Foods, Pastificio Lucio Garofalo and Bertagni.

(ii) The rates were calculated using the following formulas:

- *Injury rate = (total no. lost time injuries/total no. hours worked) x1000000*
- *Lost day rate = (no. lost days due to lost time injuries/total no. hours worked) x1000*

	2019	
	Men	Women
Number of employees with occupational disease	11	6

NB: "Occupational disease" is disease arising from work activities.

There are no jobs within the Group with a high risk of occupational disease.

There were no work-related fatalities within the Group in 2019.

D. LABOUR RELATIONS

Employees covered by collective bargaining agreements

70% of the employees of the Ebro Group are covered by the collective bargaining agreements of their respective business areas or another kind of collective agreement.

The remaining 30% are top executives of the Ebro Group, the professionals of the North American companies (since these agreements have not been used there for over 20 years), those of Herba Bangkok, Herba Cambodia, Mundiriz, Rivera del Arroz and Ebro India, where they are not used either, and those of Herba Ricemills Romania and Riceland Magyarorzag, since they have fewer employees than the number required by law for these collective agreements. In those cases, all the professionals are protected by the national labour laws in place in their respective countries, their respective personnel policies and the guidelines of the Ebro Group's Code of Conduct. External ethical audits are conducted regularly in all of them.

COUNTRY	% EMPLOYEES COVERED BY COLLECTIVE AGREEMENT OR OTHER ARRANGEMENTS
Argentina	100.00%
Belgium	100.00%
Canada	66.40%
Denmark	100.00%
France	100.00%
Germany	42.17%
India	0.00%
Italy	100.00%
Morocco	0.00%
Netherlands	100.00%
Portugal	100.00%
Spain	100.00%
Thailand	0.00%
UK	22.64%
USA	33.20%

E. TRAINING

The Ebro Group encourages its employees to improve their skills and abilities, offering training to give them the technical qualifications they need to perform their duties while fostering the enhancement of attitudes and skills for their professional and personal development. This commitment is set out in section IV, point 11 of the company's Code of Conduct.

During 2019, 67% of our employees participated in the training schemes put in place in the different Group companies, 7% more than in the previous year.

A total of 145,092 hours of training were given, around 15% more than in 2018.

Total hours training of our employees by professional category

	2019		2018	
Professional category	Men	Women	Men	Women
Executives	1,186	350	1,029	826
Middle management	9,263	4,334	8,571	3,996
Administrative staff	4,239	5,285	4,430	6,915
Auxiliary staff	74,385	25,580	59,617	17,943
Sales representatives	1,627	745	1,219	593
Others	15,802	2,298	16,778	2,328
Total hours training	106,501	38,591	91,644	32,601

F. EQUALITY

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

In addition and even though some of the companies in the Group have their own equality plans or guidelines, work began in 2019 on drafting the Corporate Equality Plan, which we expect to be completed during 2020.

Diversity in governing bodies and workforce

	2019			
	Men	Women	Men / Total (%)	Women / Total (%)
Board of Directors	8	5	61.54%	38.46%

	2019		2018	
Gender	Total employees	% Total workforce Group	Total employees	% Total workforce Group
Men	4315	70.54%	4,323	71.56%
Women	1802	29.46%	1,718	28.44%
Total Employees	**6,117**		**6,041**	

Employees with different abilities

	2019		2018	
	Men	Women	Men	Women
No. employees with different abilities	81	31	78	33

During 2019, the Ebro Group promoted several actions in Spain related with the socio-occupational integration of persons with different abilities, through the contracting of certain services with special employment centres (CEE).

ENTITY	ITEM	AMOUNT (€)
C.E.E. CADEMADRID	Printing work	1,591.22
FUNDACIÓN PRODIS	Sundry printing work	2,019.49
C.E.E. INSERCIÓN PERSONAL DISCAPACITADOS " IPD"	Cleaning head offices in Madrid	75,390.12
	Total	79,000.83

With regard to the universal accessibility and integration of persons with different abilities in physical environments, for example, we strive to eliminate any architectural barriers when searching for and opening new head offices or making alterations or refurbishments at existing offices. We also take into account other criteria such as ease of access by public transport to facilitate access by Ebro employees.

Remuneration

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

Average remuneration by professional category

Since not all Group companies have the same professional categories, it is not possible to offer a consolidated average per category that accurately reflects the Group's remuneration policy. Therefore, we disclose the average remuneration by companies. We will endeavour to define a common set of professional categories for all our companies for 2020.

COMPANY	PROFESSIONAL CATEGORY	AVERAGE ANNUAL REMUNERATION (€)
Arotz Foods	Senior management	171,654
	Administrative staff	41,049
	Sales representatives	32,573
	Others	19,621
Arrozeiras Mundiarroz	Senior management	103,998
	Sales representatives	33,356
	Executives	30,361
	Administrative staff	18,279
	Auxiliary staff	15,564
	Others	13,801
Bertagni	Senior management	90,296
	Executives	86,030
	Office staff	30,902

COMPANY	PROFESSIONAL CATEGORY	AVERAGE ANNUAL REMUNERATION (€)
	Factory workers	26,436
Boost Nutrition	Senior management	103,708
	Executives	82,216
	Sales representatives	49,255
	Administrative staff	46,686
	Auxiliary staff	43,015
Catelli	Senior management	247,578
	Executives	96,924
	Professionals	70,373
	Administrative staff	45,470
	Artisans	42,902
	Skilled workers	32,700
	Factory workers	29,343
	Unskilled workers	25,546
Ebro Foods	Masters graduates	182,433
	Grade 1 skilled workers	89,527
	Bachelor graduates	69,494
	Drivers/Chauffeurs	49,292
	Senior managers	47,664
	Grade 2 skilled workers	18,492
	Cleaning staff	15,800
	Auxiliary administrative staff	12,600
Ebro Frost Denmark	Senior management	160,633
	Executives	74,962
	Office staff	61,442
	Factory workers	44,977
Ebro Frost Germany	Senior management	176,871
	Sales representatives	104,501
	Executives	103,391
	Administrative staff	37,160
	Others	36,047
	Auxiliary staff	4,767
Ebro Frost UK	General management	71,000
	Executives	38,088
Ebro India	General Manager	61,177

COMPANY	PROFESSIONAL CATEGORY	AVERAGE ANNUAL REMUNERATION (€)
	Executives	30,654
	Middle management	12,636
	Administrative staff	6,723
	Factory workers	5,142
Euryza	Senior management	250,004
	Sales representatives	208,718
	Executives	90,535
	Administrative staff	83,983
Garofalo	Senior management	166,221
	Executives	54,947
	Administrative staff	33,627
	Factory workers	56,776
Geovita	Executives	71,367
	Administrative staff	30,180
	Sales representatives	28,355
	Factory workers	21,770
Harinas Santa Rita	Senior management	130,482
	Accountant	57,016
	Drivers	27,323
	Foremen	21,720
	Administrative staff	21,174
	Warehouse workers	17,559
Herba Bangkok	General management	73,080
	Executives	34,220
	Sales representatives	12,705
	Administrative staff	8,114
	Auxiliary staff	7,629
Herba Cambodia	General management	81,282
	Executives	34,220
	Sales representatives	12,705
	Administrative staff	11,678
	Auxiliary staff	7,629
Herba Ingredients	Senior management	204,439
	Executives	118,817
	Sales representatives	58,985

COMPANY	PROFESSIONAL CATEGORY	AVERAGE ANNUAL REMUNERATION (€)
	Administrative staff	54,938
	Factory workers	43,594
Herba Ricemills	Senior and middle management	163,516
	Technical, admin. & commercial staff	30,879
	Production staff	27,828
	General services	25,959
	Maintenance staff	25,117
	Administrative staff	20,362
Herba Ricemills Romania	Senior management	108,669
	Executives	44,486
	Sales representatives	24,800
	Administrative staff	17,966
La Loma Alimentos	Middle management	10,988
	Skilled workers	10,361
	Administrative staff	7,429
	Factory workers	6,730
	Others	5,115
Lassie	Executives	77,280
	Plant managers	70,403
	Sales representatives	58,867
	Quality control	56,222
	Finance and Administration	54,847
	HR and services	54,630
	Technical staff	52,292
	Production staff	44,656
Lustucru	Senior management	121,539
	Executives	54,735
	Administrative staff	46,863
	Sales representatives	42,169
	Auxiliary staff	33,991
	Others	31,548
Mundi Riso	General management	86,203
	Executives	65,170
	Sales representatives	46,962
	Administrative staff	38,450

COMPANY	PROFESSIONAL CATEGORY	AVERAGE ANNUAL REMUNERATION (€)
	Factory workers	35,430
	Others	22,995
Mundi Riz	Executives	43,867
	Middle management	17,649
	Administrative staff	14,247
	Auxiliary staff	9,016
	Sales representatives	6,965
	Others	3,606
Neofarms Bio	General manager	76,664
	Executives	10,571
	Administrative staff	9,731
	Others	2,728
Panzani	Senior management	172,168
	Executives	58,767
	Sales representatives	44,954
	Administrative staff	37,968
	Others	36,788
	Auxiliary staff	35,853
Riceland Magyarorzag	General management	73,739
	Executives	25,074
Rivera del Arroz	Executives	29,001
	Middle management	15,713
	Administrative staff	8,775
	Others	3,138
Riviana	Senior management	295,950
	Executives	112,126
	Professionals	66,274
	Artisans	61,679
	Administrative staff	45,534
	Technical staff	43,330
	Factory workers	43,289
	Unskilled workers	38,610
Roland Monterrat	Executives	53,782
	Administrative staff	35,240
	Auxiliary staff	24,656

COMPANY	PROFESSIONAL CATEGORY	AVERAGE ANNUAL REMUNERATION (€)
	Others	23,940
S&B Herba Foods	Senior management	243,588
	Executives	66,921
	Middle management	43,025
	Factory workers	33,203
	Administrative staff	24,325
Transimpex	Sales representatives	68,833
	Administrative staff	41,537
	Others	28,480
	Auxiliary staff	5,620

NB:

(i) No comparison with 2018 is provided because this is the first year that this indicator has been reported.

(ii) The calculation of this average remuneration is based on the average annual gross salaries of the employees (men and women) in each category.

The gross salary includes the sum of the basic salary plus bonuses, such as seniority, cash bonuses and bonuses in kind (e.g. shares), overtime and any other work-related benefit, such as transport, housing benefits, child benefits, etc.

Average remuneration by age group

	Age group		
	<30	>30 and <50	>50
Annual average remuneration (€)	26,317	44,351	52,217

NB:

(i) No comparison with 2018 is provided because this is the first year that this indicator has been reported.

(ii) The calculation of this average remuneration is based on the average annual gross salaries of the employees (men and women) in each age group.

Average remuneration by gender and pay gap

	2019	
	Men	Women
Average annual remuneration (€)	47,341	34,244

NB: The calculation of this average remuneration is based on the average annual gross salaries of the employees, which include the basic salary plus bonuses, such as seniority, cash bonuses and any other welfare benefit.

	2019
Pay gap	0.28

NB: The pay gap was calculated using the following formula: (average remuneration men - average remuneration women)/ average remuneration men.

Average remuneration of directors, by gender

	2019		2018	
	Men	Women	Men	Women
Average remuneration directors (€ thousand)	270	179	256	197

* *NB: The 2019 remuneration of directors for their duties as such was taken, excluding the remuneration received by the Executive Chairman for his executive duties. The Chairman is the only executive director who performs executive duties and receives remuneration for them. The directors' remuneration for their duties as such is stated individually for each one in the Annual Report on Directors' Remuneration 2019, published on the website of the CNMV (www.cnmv.es) and the corporate website (www.ebrofoods.es). The remuneration of directors for their duties as such is established with no consideration for the gender of the person holding office.*

Average remuneration of executives, by gender

The following table shows the average annual remuneration of our professionals in Senior and Middle Management (Division Managers) in all Group companies in 2018 and 2019.

	2019		2018	
	Men	Women	Men	Women
Average annual remuneration directors (€)	90,714	73,698	85,503	66,525

NB: This average annual remuneration was calculated as the basic salary plus bonuses, such as seniority, cash bonuses and any other welfare benefit.

9. SUPPLIER MANAGEMENT

Description of the supply chain

The suppliers of the Ebro Group are classified into four categories:

1. Rice or durum wheat suppliers
2. Other raw material suppliers
3. Packaging suppliers
4. Service providers

Approximately 70% of them are in Europe, 10% in North America and 20% distributed among Africa, India and south-east Asia, according to the locations of our companies Ebro India, Herba Bangkok, Herba Cambodia and Mundiriz.

Supplier management model

Since the Group has decentralised certain management areas, such as the Procurements Area, to its respective companies, each subsidiary has in the past had its own procurement policies and criteria, in keeping with the laws and characteristics of the countries in which they operate. Above them all, the Supplier Code of Conduct of Ebro Foods regulates the minimum criteria and rules of conduct in labour and environmental aspects that must be met by the Group's suppliers.

With a view to addressing globally the integral management of the supply chain, in 2019 we embarked on a work plan to: 1) make sure that all our suppliers comply with the Group's Supplier Code of Conduct and 2) require them to complete a questionnaire on ethics. The replies to this questionnaire will enable us to identify the critical issues and risks we need to address in order to guarantee the sustainability of our supply chain, designing, together with our companies, a roadmap to achieve the goal set in our Global Sustainability Plan, that 100% of our suppliers and service providers will have signed the Group's Supplier Code of Conduct by 2030 or incorporated ESG criteria in their policies.

We have another two corporate tools we can use to achieve this goal: on the one hand, the Procurement Departments of the different subsidiaries visit and hold meetings with their suppliers; and on the other hand, the Sedex Platform, to which the suppliers of the different Group companies are gradually signing up, and who are in turn audited by an independent external firm.

In this area, we made 11 SMETA audits in 2019 on suppliers in Greece, Italy, France, Thailand, Pakistan and Hungary.

COUNTRY	DATE	AUDIT FIRM
Greece	21/11/2019	Intertek Bulgaria
Greece	20/11/2019	Intertek Bulgaria
Francie	14/11/2019	BVCERT 4 Pillar Audits
Thailand	12/09/2019	SGS Thailand
Italy	06/06/2019	BVCERT 4 Pillar Audits
Italy	17/05/2019	Intertek Italy
Italy	04/04/2019	SGS Italy
Hungary	27/03/2019	BVCERT 4 Pillar Audits
Italy	27/03/2019	Intertek Italy
Italy	01/02/2019	SGS Italy
Pakistan	23/01/2019	Elevate Limited

In the area of agricultural raw materials, more specifically in rice production, Herba Bangkok, Herba Ricemills, Mundiriso and Riviana are developing programmes to assess and verify the sustainability of the crop using the FSA standard of the SAI Platform (Sustainable Agriculture Initiative) and the SRP standard of the Sustainable Rice Platform.

No adverse environmental impacts were detected in our supply chain during 2019.

10. CUSTOMERS AND CONSUMERS

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

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

Our main tools

1. R&D and innovation

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

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

2. Quality Control and Food Safety Systems

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

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

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

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

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

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

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

In this context, all the Ebro Group plants have been certified for quality and food safety, having a total of 139 certifications between them (Annex 2).

The companies also make regular assessments of their products to promote their safety and improvement. During 2019, the subsidiaries Arrozeiras Mundiarroz (Portugal), Catelli Foods (Canada), Geovita (Italy), Lassie (Netherlands), Lustucru and Riviana Foods (USA) made such assessments.

Product and Service Labelling

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

Customer and consumer services

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

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

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

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

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

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

Incidents during the year

Incidents registered with large customers

Overall, 6 incidents were registered in 2019, 3 of which corresponded to Geovita (Italy), 1 to Garofalo (Italy) and the remaining 2 to Roland Monterrat (France). Of those, 3 were related with labelling and product name issues, and the other 3 with voluntary product recalls.

Claims from end consumers

The following table shows the number of claims (packaging defects, requests for information, sensory properties, etc.) handled during 2019, by company.

COMPANY	COUNTRY	NUMBER OF INCIDENTS 2019	NUMBER OF INCIDENTS 2018
Arrozeiras Mundiarroz	Portugal	109	104
Bertagni	Italy	245	270
Boost Nutrition	Belgium	219	164
Catelli - Olivieri	Canada	2,129	2,239
Euryza	Germany	457	408
Garofalo	Italy	617	518
Herba Ricemills	Spain	474	1.091
Lassie	Netherlands	264	328
Lustucru	France	1,443	1,448
Panzani	France	5,952	6,709
Riceland	Hungary	60	75
Risella	Finland	352	123
Riviana	USA	14,386 11,624	12,826 (rice) 17,508 (pasta)

None of the companies in the Ebro Group received any notification from customers during 2019 of incidents regarding privacy or data breaches.

Promotion of healthy food and healthy lifestyles

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

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

11. COMMITMENT TO THE ENVIRONMENT

Scope of Reporting

The information set out below corresponds to 67 of the 74 production plants and offices that the Ebro Group has through its different companies.

The comparison of 2019 and 2018 is distorted by the changes in the perimeter for consolidated reporting in respect of 2018, as mentioned at the beginning of this report.

REGION	NO. SITES REPORTING	COMPANIES
Europe	**49**	
Spain	14	Harinas Santa Rita (1), Herba Ricemills (10), Arotz Foods(1), Ebro Foods (2)
Portugal	1	Arrozeiras Mundiarroz
UK	4	Ebrofrost UK (1), S&B Herba Foods (3)
Italy	8	Bertagni (2), Pastificio Lucio Garofalo (1), Mundiriso (1), Geovita (4)
France	10	Lustucru (3), Panzani (6), Roland Monterrat (1)
Belgium	4	Boost Nutrition (1), Herba ngredients (3)
Netherlands	2	Lassie, Herba Ingredients
Germany	4	Ebrofrost Germany (1), Transimpex (2), Euryza (1)
Denmark	1	Ebrofrost Denmark
Hungary	1	Riceland Magyarorzag
North America	**14**	
USA	11	Riviana (10), Ebrofrost NA (1)
Canada	3	Catelli
South America	**0**	
Argentina		
Africa	**1**	
Morocco	1	Mundiriz
Asia	**3**	
Thailand	1	Herba Bangkok
India	1	Ebro India
Cambodia	1	Herba Camboya

NB: The following workplaces have been excluded from this environmental report because there were no quantitative data available when the Report was closed:

- *The office of the parent, Ebro Foods, S.A., in Granada*
- *The sales office of Neofarms Bio (Argentina)*
- *The sales office of Transimpex in Hamburg*
- *The sales office of Herba Ricemills in Romania*
- *The 3 industrial plants of La Loma Alimentos, S.A.*

Environmental management

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

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

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

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

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

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

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

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

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

- Organise environmental awareness and training programmes for employees.

Resources dedicated to environmental risk prevention

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

- Herba Ricemills
- Panzani
- Lustucru
- Mundiriso
- Catelli
- Arrozeiras Mundiarroz
- Boost Nutrition
- Pastificio Lucio Garofalo
- Lassie
- Ebro Frost UK
- Herba Bangkok
- Roland Monterrat
- Riviana Pasta (pasta business)

	2019	2018
Expenditure in management and control	€ 785,390	€ 307,519
Investment to minimise impact	€ 740,748	€ 2,740,761
Total	€ 1,526,138	€ 3,147,106

The investments reported here include measures to reduce particle emissions, reduce water consumption, improve heat insulation, reduce noise, improve effluent treatment facilities, install LED lighting, and improve waste management, inspection of equipment, measurements and analyses. They also include initiatives to adapt to climate change, such as the Oryzonte project, which aims to reduce water consumption and GHG emissions.

Provisions and guarantees for environmental risks

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

Environmental assessment and certification procedures

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

Non-compliance, fines and sanctions

In 2019, 3 plants reported mild breaches of environmental laws and regulations. One of them incurred a small fine.

COMPANY	PLANT	NON-COMPLIANCE	FINE/SANCTION
Boost Nutrition	Plant A	PH3 aeration procedure	Modification of the procedure and improvement of ventilation in silos
Riviana Foods	Freeport	Exceeding the annual assignment for use of solvents Over-performance in loading on trains and trucks	Notice of enforcement
Herba Ricemills	Algemesi	Incorrect effluent due to breakage of settling cone in the wastewater treatment plant	€ 1,384

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

YEAR	COMPANY	COUNTRY	PLANT	CERTIFICATION
2018	GAROFALO	ITALY	GRAGNANO	ISO 14001
2018	PANZANI	FRANCE	LITTORAL	ISO 14001
2018	PANZANI	FRANCE	GENNEVILLIERS	ISO 14001
2018	PANZANI	FRANCE	SAINT JUST	ISO 14001

Precautionary principle

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

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

Circular economy and waste management and prevention

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

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

In early 2019, seeking sustainable alternatives for our flexible packaging, we formally joined CEFLEX (https://ceflex.eu/), a European consortium of companies, associations and organisations representing the entire value chain of flexible packaging that join forces to enhance the contribution of flexible packaging to the circular economy in Europe by designing innovative solutions.

The CEFLEX Vision is that by 2020, there will be a comprehensive sustainability and circular economy roadmap for flexible packaging in Europe. This includes widely recognised design guidelines and a robust approach to measure, demonstrate and communicate the significant value flexible packaging adds to the circular economy. Moreover, by 2025 there will be an established collection, sorting and reprocessing infrastructure/economy across Europe, based on end of life technologies and processes which deliver the best economic and environmental outcome for a circular economy.

In the second half of the year, we put two initiatives in place to change our packaging material from plastic to paper for two our dry rice brands, La Fallera (Spain) and Risella (Finland), thus reducing the use of polypropylene by 40%. The total saving achieved through these initiatives will be known in 2020.

In addition, we have optimised the thickness of the plastic wrap used in our packaging, thus reducing its weight by 10% in comparison with 2016.

Actions to combat food waste

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

The Ebro Group also participates actively in the programme "Don't waste food", a collaborative initiative to reduce food waste, led by AECOC, the association of large consumer companies.

The three principal objectives of the project are to:

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

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

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

In this context, the Group runs consumer awareness campaigns through its corporate blog and social networks.

<u>Measures for waste prevention, recycling, reuse and other forms of recovery and elimination</u>

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

Some of the Group's rice companies use the husk from their manufacturing processes as a source of renewable energy. During 2019, Ebro India, Mundi Riso and Herba Ricemills reported husk consumption, or wood consumption in the case of Ebro Frost, as a source of energy for generating heat.

In 2019 Herba Ricemills, in alliance with other companies, presented a circular economy project in the 2019 LIFE Programme to create a new fireproof material with heat and sound insulating properties from rice husk and straw. This project was not selected, so we will study other alternatives for the use of rice straw.

Water discharge

Water discharge (m3)	2019	2018
Sewage	159,350	76,598
Process water	2,039,680	2,385,391
Total water discharge	2,199,031	2,461,989

Destination industrial effluent (m3)	2019	2018
Sewerage system or treatment facility	2,012,624	2,311,010
Inland waters	27,056	15,889
Marine waters	0	58,492
	2,039,680	2,385,391

Waste generation

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

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

Waste (t)	2019	2018
Hazardous	45	7,238
Non-hazardous	28,267	37,240
Total Waste	28,312	44,477

Non-Hazardous Waste (t)	2019	2018
Recycling	4,889	11,650
Reuse	730	3,567
Landfill	10,876	9,953
Composting	3,252	1,954
Incineration	900	3,696
Other	7,619	3,318
Total Non-Hazardous Waste	28,267	34,137

Hazardous Waste (t)	2019	2018
Recycling	16	7,035
Solidification & stabilization	0	5
Incineration	10	78
Pyrolysis	0	0
Landfill	1	1
Other	18	106
Total Hazardous Waste	45	7,225

NB: The information on the destination of waste was incomplete in 2018, accounting for slight variations in the figures.

Significant spills

There were no spills in 2019.

Sustainable use of resources

Raw Materials

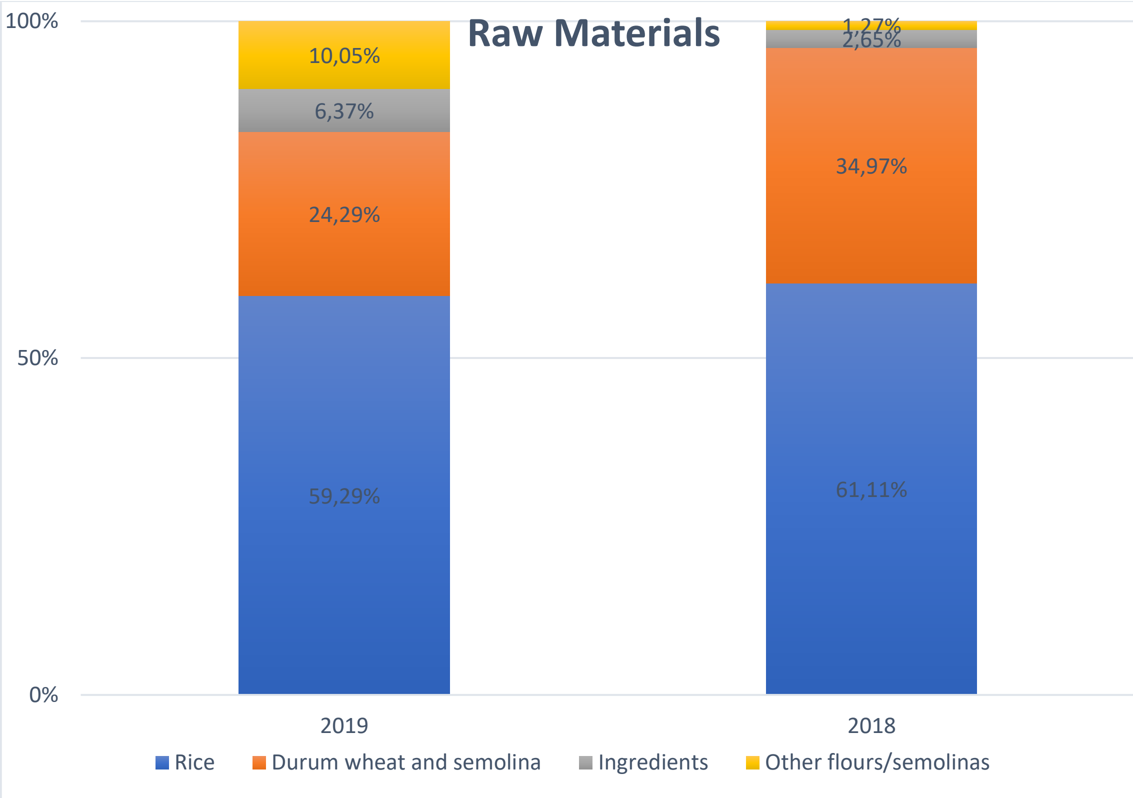
The raw materials used are divided into two major categories, those used in the preparation of finished goods and the packaging materials

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

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

Raw Materials (t)	2019	2018
Rice	2,015,838	1,774,534
Durum wheat and semolina	825,858	1,015,509
Quinoa	6,311	4,164
Ingredients	210,090	72,715
Other flours/semolinas	341,707	36,830
Total	3,399,804	2,903,752

NB: We discovered a mistake in the 2018 calculations for "durum wheat and semolina" (799,956 t), which is corrected in this report.



NB: Considering the negligible amount of quinoa within the total quantity of raw materials, we have included it in "Ingredients" to improve the visibility of the graph

Although only minimal quantities of raw materials of animal origin (eggs, meat, dairy) are used in our products, the Ebro Group has undertaken to use exclusively ingredients from cage-free eggs in the production of any foods requiring that raw material as from 2025. This undertaking is extended to all the Group's companies in Spain and has also been adopted by Panzani in France. In Spain, the use of ingredients from cage-free eggs was already up to 50% in 2019.

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

Input materials for packaging (t)	2019	2018
Paper	20,938	17,825
Cardboard	44,099	44,661
Plastic	45,641	46,144
Glass	54,390	0
Metal	7,769	0
Others	1,469	2,321
Total	112,209	110,951

Ebro

Recycled input materials

Based on the information received from the suppliers of packaging materials regarding the composition of their materials, we have calculated the recycled fibre content of the different types of packaging we use.

Recycled fibre content in packaging materials (t)	2019	2018
Recycled paper	3,201	2,212
Recycled cardboard	31,280	16,820
Recycled plastic	100	216
Recycled glass	0	0
Recycled metal	0	0
Total	34,581	19,248

Energy consumption

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

- Direct consumption

Consumption non-renewable energy sources (GJ)	2019	2018
Natural Gas	3,514,700	3,268,551
Others	40,419	53,460
Total direct consumption non-renewables	3,555,119	3,322,011

Consumption renewable energy sources (GJ)	2019	2018
Biomass	100,468	93,146
Total direct consumption renewables	100,468	93,146

Total direct consumption	**3,655,587**	**3,415,157**

The energy consumption was calculated with the consumption of each fuel, normally provided by suppliers in their invoices, and the NCV of the respective fuels (see Annex 3).

Biomass includes rice husk, a by-product of our industrial processes, and wood in the case of Ebro Frost.

- Indirect consumption

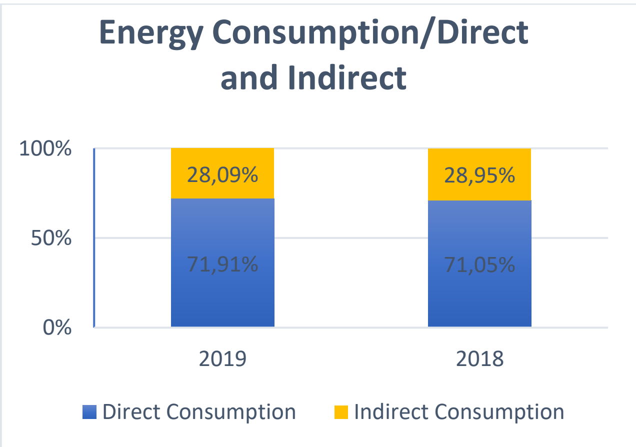
In 2019, 12% of the electricity consumed was green energy, i.e. generated from 100% renewable sources.

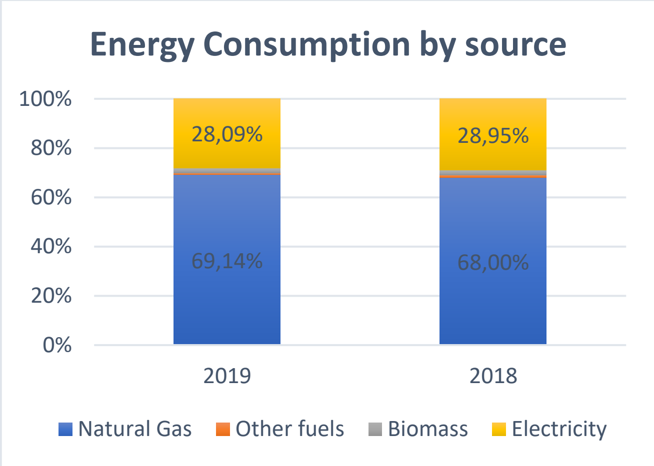
Three of the Group companies –Garofalo, Geovita and Mundiriso– also have renewable energy generation facilities, with a total output of 20,470 GWh in 2019.

Intermediate energy acquired and consumed (GJ)	2019	2018
Electricity	1,427,637	1,391,809
Total indirect consumption (electricity)	1,427,637	1,391,809

Of which green energy	176,827	
	12.39%	

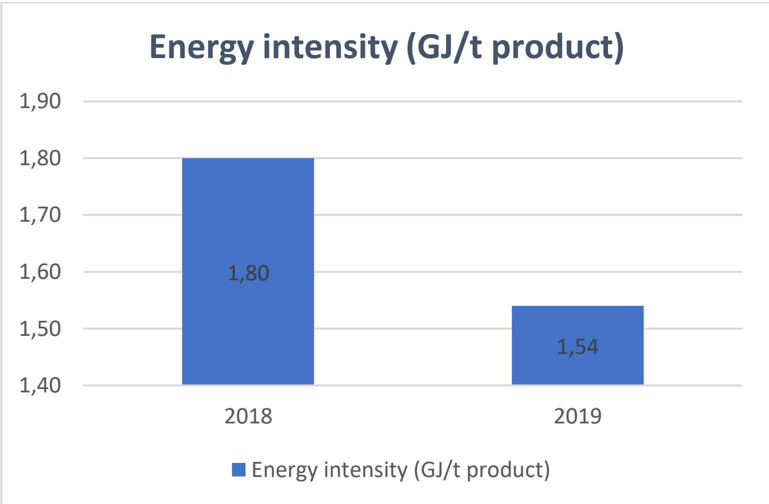
	2019	2018
Total energy consumption Direct + Indirect (GJ)	**5,083,224**	**4,806,966**





Energy intensity

Energy intensity (GJ/t product)	2019	2018
Total produced (t)	3,290,565	2,671,856
Total energy consumed (GJ)	5,083,224	4,806,966
Energy intensity (GJ/t product)	1.54	1.80



Reduction of energy consumption

Seven group companies have reported different initiatives to reduce their energy consumption, by a total of €227,262.

COMPANY	INITIATIVE	COST
Arrozeiras Mundiarroz	Replacement of luminaires with LED lighting	€ 2,051
Boost Nutrition	Modification of milling process, installation of inverters	€ 15,400
Catelli	Replacement of luminaires with LED lighting	€ 25,870
Lassie	Replacement of luminaires with LED lighting	€ 30,000
Lustucru	Replacement of luminaires with LED lighting	€ 70,217
Panzani	Replacement of luminaires with LED lighting	€ 27,000
	Waterproofing of roofs	€ 35,644
	Installation of vacuum pumps	€ 21,000
Roland Monterrat	Installation of heat pumps	€ 80
	Total	€ 227,262

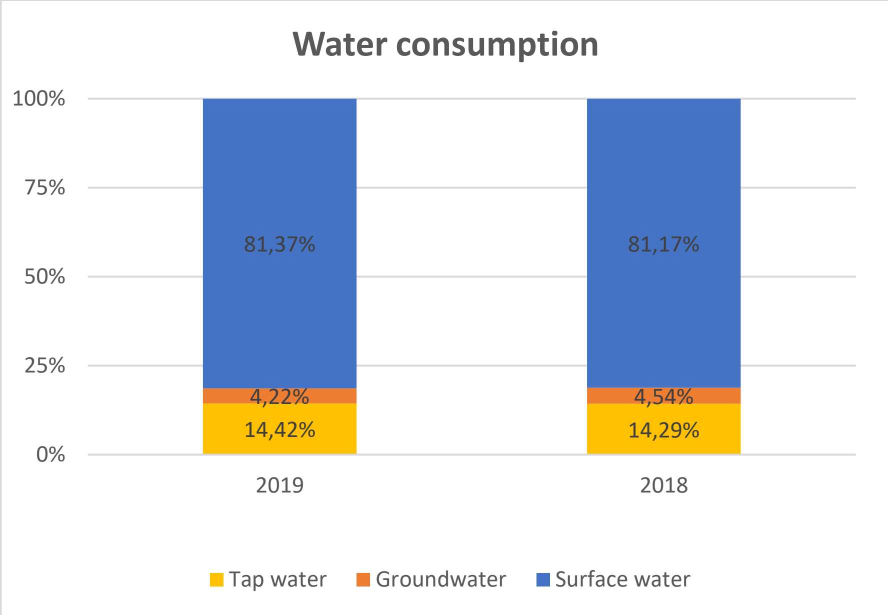
NB: This amount is included in Resources allocated to environmental risk prevention

Water consumption

Total volume of water withdrawn (m3)	2019	2018
Tap water	2,981,480	2,843,088
Groundwater	871,575	902,660
Total industrial processes	3,853,055	3,745,748
Surface water	16,824,000	16,150,000
Total water withdrawn	20,677,055	19,895,748

NB: Surface water is not consumed in our industrial processes, but in the agricultural activity performed by the Mundiriz Group in Morocco.

Total water withdrawn (m3) / Total (%)	2019	2018
Tap water	14.42%	14.29%
Groundwater	4.22%	4.54%
Surface water	81.37%	81.17%



Water recycled and reused

Total volume of water recycled and reused (m3)	2019	2018
Recycled water	69,804	400,054
Reused water	51,281	0
Total	121,085	400,054

Water recycled and reused / global consumption (%)	2019	2018
Recycled water	1.81%	10.68%
Reused water	1.33%	0.00%
Total	3.14%	10.68%

We highlight the initiative taken by Catelli, which has installed a system at its Montreal plant that will enable it to reduce its annual water consumption by 50,000 m^3.

Climate Change and protection of Biodiversity

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

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

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

- Thailand: Sustainable Aromatic Rice Initiative of Thailand (SARI-T):

  Joint project with Mars, GIZ and the Thai Rice Department to enhance the economic viability of 1,200 rice growers in the province of Roi Et and the sustainable production of high quality Hom Mali aromatic rice.

  The project organises numerous activities, such as teaching farmers about the Sustainable Rice Platform (SRP) standard and agronomic technologies, providing access to high quality seeds, improving growers’ skills and enhancing gender equity for reasons of food security and quality.

  The programme completed its second year of rice production in 2019, with a massive impact and widespread adoption of the SRP standard by farmers, who have obtained an average verified score of 95/100.

- Spain: Oryzonte Programme: developed at the Guadalquivir Marshes (Seville) together with Mars Food and Danone.

  This project, which began in 2018, seeks to improve the sustainability of the rice crop in the province of Seville (Andalusia, Spain). During 2018 and 2019 the project ran a specific training programme on Sustainability in the Rice Crop, in which the principal rice-growers in the region participated. The training was given by specialists from both research facilities and the private sector, and covered areas such as optimising fertilization, sustainable use of plant protection products, sustainability standard requirements applicable to the rice crop and strategies for reducing water consumption and greenhouse gas emissions, among others.

During 2018 and 2019, the project ran tests on commercial rice fields, confirming the feasibility of using different techniques to reduce water consumption and GHG emissions. Oryzonte is also sampling GHG emissions from rice fields where different water management practices are implemented, with a view to checking that those practices do actually reduce emissions, as anticipated by the models developed by universities and international organisations. The practices giving the best results are now being implemented as pilot projects in commercial fields managed by different producers in an effort to confirm their viability in different agronomic conditions and foster their implementation by local farmers. The project is also developing models to assess the benefits of using those techniques on larger scales, rather than individual fields (entire farms, irrigation communities...).

Finally, during 2019 Oryzonte identified and analysed practices that could potentially favour biodiversity in the Sevillian rice fields, seeking to implement specific actions in 2020 to improve the rice-growing area.

- Italy: SAIRISI Project:

  This project began in 2016 with the intention of bringing Italian rice growers together to share sustainable practices in water management and soil quality.

  Thanks to the collaboration of a group of members throughout the supply chain –including Ebro– with the SAI Platform, the project has had an impact on more than 600 growers up to the end of 2019.

  Some of the activities developed by SAIRISI are:

  ▪ Field visits and 8 training classes on all aspects of sustainable rice growing: conservation agriculture, biodiversity and economic sustainability of growers.
  ▪ Preparation of a document explaining the 12 best practices for sustainable rice growing in Italy. These best practices are directly linked to questions in the Farm Sustainability Assessment (FSA) of the SAI Platform, forcing farmers to think about management of their crops in terms of sustainability.
  ▪ Development of a growers' group through the National Rice Board (ENR), with numerous newssheets for the community, a WhatsApp group and a specific website for resources.
  ▪ In order to develop local capacity to advance further in Italian rice sustainability, SAIRISI has trained two agronomists to implement the FSA standard effectively.

- India: During 2019, our subsidiary Ebro India continued developing three projects providing training for growers and technical assistance for the entire process, from sowing to harvesting.

  - EKTA: A training programme for growers in their everyday farming activities, educating them in the latest agricultural practices and the optimum use of pesticides and fertilizers, and helping them to increase the yield from their crops and lower costs.
  - Control Farming: One of the greatest challenges in India is compliance with the MRL (maximum residue limits) permitted in the European Union. Through the control farming programme we work closely with the growers, monitoring all the agricultural practices they use from sowing to harvesting and educating them in the correct use of pesticides and fungicides in terms of quantity, quality and timing.
  - Organic farming: We work with around 1500 growers for the production of organic basmati and non-basmati rice.

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

Operational sites in, or adjacent to, protected areas or areas of high biodiversity value outside protected areas

Only the Riviana plant in Freeport, Texas is adjacent to a wetland with protected area status, Brazos River.

Significant impacts of activities, products, and services on biodiversity

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

Habitats protected or restored

No restoration measures have been implemented in protected habitats.

Water sources significantly affected by water withdrawal

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

Significant spills and water bodies affected by water discharges and/or runoff

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

Pollution

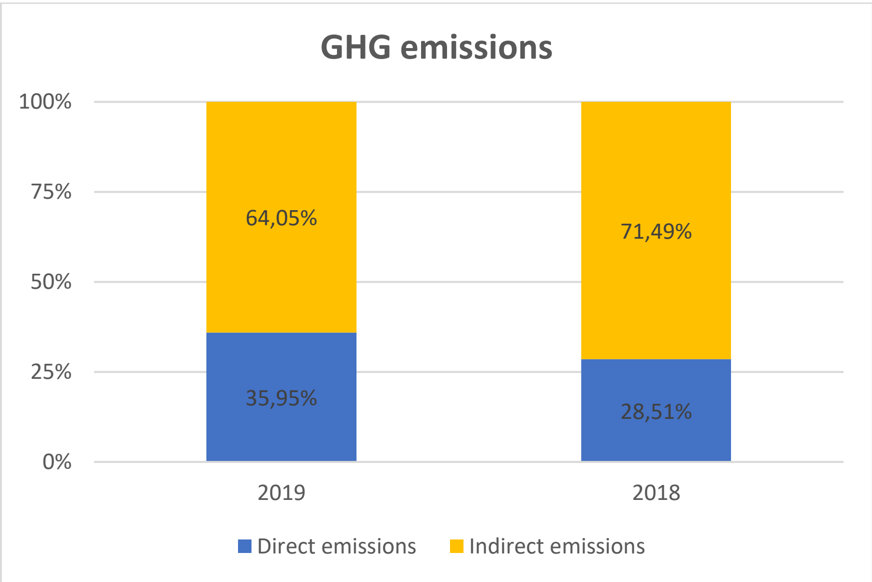
Direct and indirect GHG emissions (Scopes 1 and 2)

The direct emissions were calculated according to *Tier 1 of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories*, with average values of the Emission Factors for each fuel.

The indirect emissions were calculated with the Emission Factors of electricity indicated by the supply undertakings or, failing this, with the Emission Factors published by an official organisation.

The Emission Factors used and the source are set out in Annex 3.

GHG emissions (t CO2-eq)	2019	2018
Direct emissions	199,893	186,993
Indirect emissions	356,092	468,782
Total emissions	554,985	655,775



Other indirect GHG emissions (Scope 3)

In 2015, the Group's rice division contracted its main shipping logistics provider, EccoFreight, to calculate the carbon footprint of shipping our raw materials and other products.

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

In 2019, EccoFreight handled approximately 56% of the shipments of the entire rice division, with 247,672 tonnes shipped (13,548 TEUs) and GHG emissions of 57,246 tonnes of CO_2eq.

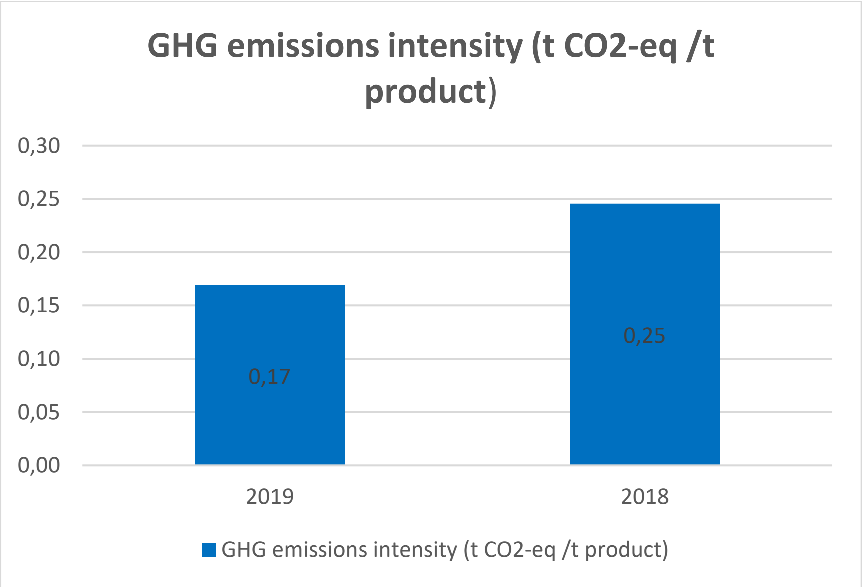
By choosing more efficient routes instead of other alternative routes available with larger carbon footprints, we avoided the emission of 9,044 t CO_2eq, with is a 13.64% reduction of our Scope 3 emissions.

In 2019, Ebro Foods confirmed its participation in the AECOC Lean & Green Programme to calculate the carbon footprint of its domestic overland logistics and we will begin this work next year.

The company also signed a collaboration agreement during the year with the Spanish Royal Academy of Engineering to study “GHG emissions in the Spanish and European agri-food sector”, in which the carbon footprint will be calculated for the sector as a whole and, in particular, for rice and other cereals in which the Group has an interest.

GHG emissions intensity

	2019	2018
Total produced (t)	3,290,565	2,671,856
Total GHG emissions (t CO_2-eq)	555,985	655,775
GHG emissions intensity (t CO2-eq /t product)	0.17	0.25



Ebro

Emissions of ozone-depleting substances

The figure reported is only partial, as only 11 of the 28 companies included in this report have provided details of their consumption of refrigerants.

The refrigerants included in this calculation are the gases and mixes regulated in the Kyoto Protocol. The emission factors used (GWP) are those set out in the report *UK Government Conversion Factors for greenhouse gas (GHG) reporting (DEFRA) v.1.2, 2019.*

The CO_2-equivalent emissions total 3,349 tonnes. This quantity is not included in the Scope 1 emissions.

NOx, SOx and other significant air emissions

In accordance with the applicable environmental laws and regulations, regular inspections and measurements are made by an external company to check compliance. No non-compliance was detected during the year.

We continue analysing the materiality of this indicator. Since we have no continuous measurements of these parameters, we can only give an estimate.

Greenhouse gas reduction goals

One of the areas of action contemplated in our Sustainability Plan HEADING FOR 2030 launched during 2019 is minimising our environmental impact and, accordingly, reducing our GHG emissions. No global target for reducing our GHG emissions had yet been quantified by the date of issuing this report. We are studying the possibility of using Science Based Targets for this, which we plan to do in 2020.

ANNEX 1

List of Group subsidiaries

COMPANY	COUNTRY	BUSINESS AREA
Arrozeiras Mundiarroz, S.A.	Portugal	Rice
Arotz Foods, S.A.	Spain	Others
Bertagni 1882, S.p.A.	Italy	Pasta
Boost Nutrition, C.V.	Belgium	Rice
Catelli Foods Corporation	Canada	Pasta
Ebro Foods, S.A.	Spain	Parent (Holding)
Ebrofrost Holding, GmbH	Germany, Denmark and UK	Rice, pasta and frozen food
Ebro India, Private Ltd.	India	Rice
Euryza, GmbH	Germany	Rice
Geovita Functional Ingredients, S.R.L.	Italy	Ingredients
Herba Bangkok, S.L.	Thailand	Rice
Herba Cambodia Co. Ltd	Cambodia	Rice
Herba Ingredients, B.V.	Netherlands and Belgium	Ingredients
Herba Ricemills, S.L.U.	Spain	Rice
Herba Ricemills Rom, S.R.L.	Romania	Rice
Lassie, B.V.	Netherlands	Rice
La Loma Alimentos, S.A.	Argentina	Rice
Lustucru Frais, S.A.S.	France	Rice and pasta
Mundi Riso, S.R.L.	Italy	Rice

Mundi Riz, S.A.	Morocco	Rice
Neofarms BIO, S.A.	Argentina	Rice
Panzani, S.A.S.	France	Pasta
Pastificio Lucio Garofalo, S.p.A.	Italy	Pasta
Riceland Magyarorzag, KFT	Hungary	Rice
Riviana Foods, Inc.	USA	Rice and pasta
Roland Monterrat, SA.S	France	Fresh food
Santa Rita Harinas, S.L.U.	Spain	Others
Stevens&Brotherton Herba Foods, Ltd.	UK	Rice
Transimpex, GMBH	Germany	Rice

List of industrial facilities (production plants and warehouses) and offices of the Ebro Group

COMPANY	COUNTRY	WORKPLACE
Arrozeiras Mundiarroz	Portugal	Coruche
Arotz	Spain	Navaleno
Bertagni	Italy	Avio
		Vicenza
Boost Nutrition	Belgium	Merksem
Catelli Foods Corporation	Canada	Montreal
		Delta
		Hamilton
Ebro Foods Holding	Spain	Madrid
		Granada
		Barcelona
Ebro India	India	Taraori
Ebrofrost Denmark	Denmark	Orbaek
Ebrofrost Germany	Germany	Offingen
Ebrofrost UK	UK	Beckley

Euryza	Germany	Sales office
Geovita	Italy	Bruno
		Nizza Monferrato
		Verona
		Villanova Monferrato
Herba Bangkok	Thailand	Nong Khae
Herba Cambodia	Cambodia	Phnom Penh
Herba Ingredients	Belgium	Schoten
	Netherlands	Wormer
Herba Ricemills	Spain	Coria del Río
		San Juan de Aznalfarache
		Jerez de la Frontera
		Silla
		Algemesí
		La Rinconada
		Los Palacios
		Isla Mayor
		L'Aldea
		Cotemsa
		La Raza
Lassie	Netherlands	Wormer
La Loma Alimentos	Argentina	Los Charrúas
		Chajarí
		Los Conquistadores
Lustucru	France	Saint Genis Laval
		Lorette
		Communay
Mundi Riz	Morocco	Larache
Mundiriso	Italy	Vercelli
64Panzani	France	La Montre
		Gennevilliers
		Nanterre
		Littoral
		Saint Just
		Vitrolles
Pastificio Lucio Garofalo	Italy	Gragnano
Riceland	Hungary	Sales office
Riviana	USA	Memphis
		Brinkley
		Clearbrook
		Alvin
		Carlisle

		Freeport
		Hazen
		Saint Louis
		Winchester
		Fresno
Roland Monterrat	France	Feillens
S&B Herba Foods	UK	Cambridge
		Liverpool
		Orpington
Santa Rita Harinas	Spain	Loranca de Tajuña
Transimpex	Germany	Lambsheim (office)
		Lambsheim (plant)
		Hamburg (office)

ANNEX 2

List of Food Safety and Quality certifications of the Group's subsidiaries

COMPANY	COUNTRY	WORKPLACE	CERTIFICATIONS
ARROZEIRAS MUNDIARROZ	PORTUGAL	CORUCHE	ISO 9001
			ISO 22000
			FOOD PRODUCT CERTIFICATION
			IFS
AROTZ	SPAIN	NAVALENO	IFS
BERTAGNI	ITALY	AVIO	BRC
			IFS
		VICENZA	BIOS - ORGANIC CERTIFICATION
			BRC
			IFS
BOOST NUTRITION	BELGIUM	MERKSEM	IFS
			KOSHER
			FCA
			ORGANIC CERTIFICATION
CATELLI FOODS CORPORATION	CANADA	MONTREAL	SQF
		DELTA	BRC
		HAMILTON	BRC
EBRO INDIA	INDIA	TARAORI	ISO 22000
			ORGANIC CERTIFICATION
			BRC
			IPQC
			PPQS
			KOSHER
			ISO-17025 (LAB.)
EBROFROST DENMARK	DENMARK	ORBAEK	BRC
			KOSHER
			ORGANIC CERTIFICATION
EBROFROST UK	UK	BECKLEY	BRC

EBROFROST NORTHAMERICA	USA	MEMPHIS	SQF
FALLERA NUTRICIÓN	SPAIN	SILLA	ISO 9001
GEOVITA	ITALY	BRUNO	ISO 9001
		NIZZA MONFERRATO	ISO 9001
		VERONA	ISO 9001
		VILLANOVA MONFERRATO	ISO 9001
HERBA BANGKOK	THAILAND	SARABURI	ISO 9001
			BRC
			ORGANIC CERTIFICATION
			HALAL
			KOSHER
			GMP & HACCP
			GLUTEN FREE CERTIFICATION
			FAIR TRADE&FLOCERT CERTIFICATION
			FAIR TRADE-ECO SOCIAL STANDARD CERTIFICATION
HERBA CAMBODIA	CAMBODIA	PHNOM PENH	ISO 9001
			ORGANIC CERTIFICATION (EU)
			ORGANIC CERTIFICATION (NOP)
			GMP & HACCP
HERBA INGREDIENTS	BELGIUM	SCHOTEN	ORGANIC CERTIFICATION
	BELGIUM	SCHOTEN	IFS
			GMP
			KOSHER
	BELGIUM	SCHOTEN	IFS
			GMP
			KOSHER
			ECOLOGICAL CERTIFICATION
	NETHERLANDS	WORMER	IFS
			GMP
			KOSHER
			HALAL
			ORGANIC CERTIFICATION

			CHINESE ORGANIC
HERBA RICEMILLS	SPAIN	CORIA DEL RÍO	ISO 9001
			ECOLOGICAL CERTIFICATION
			KOSHER
		SAN JUAN DE AZNALFARACHE (Ready foods plant and Rice plant)	ISO 9001
			BRC
			IFS
			ECOLOGICAL CERTIFICATION
			KOSHER (rice)
		JEREZ DE LA FRONTERA (Ready foods plant)	ISO 9001
			BRC
			IFS
		SILLA	ISO 9001
			BRC
			IFS
		ALGEMESÍ (Ready foods plant)	ISO 9001
			IFS
			BRC
		ALGEMESÍ (Rice plant)	ISO 9001
			KOSHER
		ALGEMESÍ (Flour mill)	IFS
			KOSHER
		LA RINCONADA	IFS
			ECOLOGICAL CERTIFICATION
			KOSHER
		LOS PALACIOS	ISO 9001
			ECOLOGICAL CERTIFICATION
			KOSHER
LASSIE	NETHERLANDS	WORMER	ORGANIC CERTIFICATION
			IFS
			GMP FEED
LUSTUCRU	FRANCE	SAINT GENIS LAVAL (Fresh pasta plant)	IFS
		LORETTE (Fresh pasta plant)	IFS
		COMMUNAY (Fresh pasta plant)	IFS

MUNDI RIZ	MOROCCO	LARACHE	ISO 22000
MUNDIRISO	ITALY	VERCELLI	IFS
			BRC
			ISO 22000
			ORGANIC CERTIFICATION
			KOSHER
PANZANI	FRANCE	LA MONTRE	FSSC 22000
			IFS
		GENNEVILLIERS	IFS
			ISO14001
		NANTERRE	IFS
			FSSC 22000
		LITTORAL	IFS
			ISO 14001
		SAINT JUST	IFS
		VITROLLES	IFS
			ORGANIC CERTIFICATION
		LYON	ORGANIC CERTIFICATION
PASTIFICIO LUCIO GAROFALO	ITALY	GRAGNANO	KOSHER
			HALAL
			PASTA DI GRAGNANO IGP
			ORGANIC (reg CE 834/07)
			ORGANIC (JAS)
			BRC
			IFS
			NO GMO VERIFIED
			VEGAN
RIVIANA (RICE BUSINESS)	USA	MEMPHIS	SQF
		BRINKLEY	SQF
		CLEARBROOK	SQF
		ALVIN	SQF
		CARLISLE	SQF
		FREEPORT	SQF
RIVIANA (PASTA BUSINESS)	USA	SAINT LOUIS	SQF
		WINCHESTER	SQF
		FRESNO	SQF

ROLAND MONTERRAT	FRANCE	FEILLENS	IFS
S&B HERBA FOODS	UK	CAMBRIDGE	BRC
			KOSHER
		LIVERPOOL	BRC
			KOSHER
TRANSIMPEX	GERMANY	LAMBSHEIM	IFS FOOD
			IFS BROKER
			ORGANIC
			ORGANIC NATURLAND

ANNEX 3

Electricity and fuels emission factors

Table 1. Emission Factors - Electricity

Company	Plant	Country	EF Electricity (t CO2/kWh)	Source of EF
Arotz	Arotz	Spain	0,0000380	Supplier
Arrozeiras Mundiarroz	Coruche	Portugal	0,0004780	Supplier
Bertagni	Vicenza	Italy	0,0003120	ISPRA 2018
	Avio	Italy	0,0003120	ISPRA 2019
Boost Nutrition	Plant A	Belgium	0,0002100	Supplier
Catelli	Montreal	Canada	0,0000060	www.HydroQuebec.com
	Delta	Canada	0,0000093	www.carbonfootprint.com
	Hamilton	Canada	0,0030000	Supplier
EbroFrost Denmark	Orbaek	Denmark	0,0003830	Supplier
Ebro Frost Germany	Offingen	Germany	0,0004280	Supplier
EbroFrost UK	Beckley	UK	0,0002556	DEFRA UK 2019 Emission Factors
Ebro Foods	Madrid	Spain	0,0000000	Miteco - Emission Factors April 2019 v.12
	Barcelona	Spain	0,0003800	Miteco - Emission Factors April 2019 v.12
Ebro India	Taraori	India	0,0010000	CO2 baseline database for Indian power sector
Euryza	Euryza	Germany	0,0003240	Supplier
Garofalo	Gragnano	Italy	0,0003683	ISPRA
Geovita	Bruno	Italy	0,0003000	carbonfootprint.com
	Nizza Monferrato	Italy	0,0003000	carbonfootprint.com
	Verona	Italy	0,0003000	carbonfootprint.com
	Villanova Monferrato	Italy	0,0003000	carbonfootprint.com
Harinas Sta Rita	Plant A	Spain	0,0003500	Supplier
Herba Bangkok	Nong Khae	Thailand	0,0006933	Carbon Label & Carbon Footprint for Organization,Thailand
Herba Cambodia	Phnom Phen	Cambodia	0,5990000	see factor document
Herba Ingredients	Plant B	Belgium	0,0002570	Government
	Plant C	Belgium	0,0002570	Government
Herba Ricemills	San Juan	Spain	0,0003800	Ministry Environment, April 2019 v.12
	Jerez	Spain	0,0003800	Ministry Environment, April 2019 v.12
	Coria	Spain	0,0003800	Ministry Environment, April 2019 v.12
	Isla Mayor	Spain	0,0003800	Ministry Environment, April 2019 v.12
	Silla	Spain	0,0003800	Ministry Environment, April 2019 v.12
	Algemesi/Saladar	Spain	0,0003800	Ministry Environment, April 2019 v.12
	Aldea	Spain	0,0003800	Ministry Environment, April 2019 v.12
	La Rinconada	Spain	0,0003800	Ministry Environment, April 2019 v.12
	Los Palacios	Spain	0,0003800	Ministry Environment, April 2019 v.12
	Warehouses (Cotemsa &Raza)	Spain	0,0003800	Ministry Environment, April 2019 v.12
Lassie	Wormer	Netherlands	0,0004854	Supplier
Lustucru	St Genis Laval (Lus.)	France	0,0000178	Supplier
	Lorette (Lus.)	France	0,0000178	Supplier
	Communay (Lus.)	France	0,0000178	Supplier
Mundi Riso	Vercelli	Italy	0,0003900	Supplier
MundiRiz	Larache	Morocco	0,0800000	Supplier
Panzani	Saint Just	France	0,0000164	Supplier
	Littoral	France	0,0000164	Supplier
	Gennevilliers	France	0,0000178	Supplier
	Nanterre	France	0,0000178	Supplier
	La Montre	France	0,0000164	Supplier
	Vitrolles	France	0,0000164	Supplier

Riceland Magyarorzag	Riceland Magyarorzag	Hungary	0,0003750	official study
Riviana Arroz	Memphis (MPH)	USA	0,0007070	epa.gov
	Carlisle (CAR)	USA	0,0007793	epa.gov
	Brinkley (BRI)	USA	0,0007793	epa.gov
	Hazen (HZN)	USA	0,0007793	epa.gov
	Clearbrook (CBK)	USA	0,0004645	epa.gov
	Freeport (FPT) - AmRi	USA	0,0007794	epa.gov
	Alvin (AL)	USA	0,0007794	epa.gov
Riviana Pasta	Winchester	USA	0,0003653	EPA
	Fresno	USA	0,0002398	EPA
	St Louis	USA	0,0007331	EPA
Roland Monterrat	Feillens (RM)	France	0,0000470	www.carbonfootprint.com (EF 2019)
S&B Herba Foods	Cambridge	UK	0,0000240	Supplier
	Liverpool	UK	0,0000240	Supplier
	Orpington	UK	0,0003240	Supplier
Transimpex	Lambsheim Plant	Germany	0,0002800	Supplier
	Lambsheim Office	Germany	0,0002800	Supplier

[Spain's Ministry of the Environment: Full name is currently Ministry for Ecological Transition and Demographic Challenge (MITECO)]

Table 2. Emission Factors - Fuels

Fuel	NCV	Units	Source
Natural gas	0.038	GJ/Nm3	Table 1.2 Ch.1- 2006 IPCC Guidelines
LPG	47.3	GJ/t	Table 1.2 Ch.1- 2006 IPCC Guidelines
Coal	29.5	GJ/t	Table 1.2 Ch.1- 2006 IPCC Guidelines
Butane	44.2	GJ/t	Table 1.2 Ch.1- 2006 IPCC Guidelines
Biomass (husk)	11.6	GJ/t	Table 1.2 Ch.1- 2006 IPCC Guidelines
Biomass (wood)	15.6	GJ/t	Table 1.2 Ch.1- 2006 IPCC Guidelines
Propane	25.25	GJ/Nm3	
Diesel	35.28	GJ/Nm3	
Gasoline	33.67	GJ/Nm3	

ANNEX 4

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

General areas

Area		Reporting framework	Reference	Comments / Reason for omission
Business model	Description of the business model: – Business environment – Organisation and structure – Markets in which it operates – Objectives and strategies – Principal factors and trends that may affect its future evolution	102-2, 102-7, 102-3, 102-4, 102-6, 102-15	P.4-10	
General	Mention in the report of the national, European or international **reporting framework** used to select the key non-financial performance indicators included in each section. If the company complies with the non-financial reporting act by issuing a **separate report**, it must expressly state that said information forms part of the management report.	102-54	P.2	
Management focus	**Description of the policies** applied by the group in respect of these matters, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of material risks and impacts and those of verification and control, including the measures implemented.	103-1 103-2	P.11-17	
	The **results of those policies,** including the relevant key non-financial performance indicators enabling the monitoring and assessment of progress and favouring comparison between companies and sectors, according to the national, European or international frameworks used.	103-2 103-3	P.13-14	
	The main risks related with those issues linked to the group's activities, including, where necessary and proportional, its commercial relations, products or services that may have an adverse effect on those areas and how the company manages those risks, explaining the procedures followed to detect and assess them in accordance	102-15	P.18-24	

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

Environmental aspects

Area		Reporting framework	Reference	Comments / Reason for omission
Management focus				
Environmental management	**Existing and foreseeable effects** of the company's activities	Internal framework: internal procedures, Code of Conduct, GRI 307-1	P.71-73	
	Environmental **certification or assessment procedures**	ISO 14001	P.73	
	Resources employed for preventing environmental risks	Internal framework: Accounting	P.72	
	Application of the **precautionary principle**	GRI 102-11	P.73-74	
	Quantity of **provisions and guarantees** for environmental risks	Internal framework: Insurance policy for third-party liability and accidental pollution damage	P.72-73	
Pollution	**Measures** to prevent, reduce or remedy carbon emissions (including noise and light pollution)	Internal framework: CSR internal reporting tool	P.84-87	
Circular economy and waste management and prevention	**Measures** for waste prevention, recycling, reuse and other forms of recovery and elimination	GRI 301-2, 301-3, 306-1, 306-2	P.74-75	
	Actions to combat food waste	Internal framework: 1) CSR internal reporting tool 2) Donations to food banks	P.75-76	
Sustainable use of resources	**Water consumption** and water supply within local limits	GRI 303-1	P.83-84	
	Consumption of raw materials	GRI 301-1, 301-2	P.77-79	
	Measures taken to make the use of water more efficient	GRI 302-4	P.79	
	Direct and indirect energy **consumption**	GRI 302-1, 302-2, 302-3	P.79-81 ANNEX 3	
	Measures implemented to enhance energy efficiency	GRI 302-4	P.82	
	Use of renewable energies	GRI 302-1	P.80	
Climate change	Important **elements** of the GHG emissions generated	GRI 305-1, 305-2, 305-3	P.87-90	
	Measures taken to adapt to the consequences of climate change	Internal framework: 1) Sustainable agriculture projects 2) Climate change risk matrix	P. 84-87	

	Reduction **goals** established voluntarily	GRI 305-5, 301-1	P.90	
Protection of biodiversity	**Measures** taken to preserve or restore biodiversity	Internal framework: CSR internal reporting tool	P.84-87	
	Impacts caused by activities or operations in protected areas	Internal framework: CSR internal reporting tool	P.87	

Social and labour aspects

Area		Reporting framework	Reference	Comments / Reason for omission
Management focus				
Employment	Total **number** and distribution of employees by gender, age, country and professional category	GRI 405-1	P.41-43	
	Total **number** and distribution of types of employment contract	GRI 401-1	P.43	
	Annual **average** of permanent, temporary and part-time contracts by gender, age and professional category	GRI 401-1, 405-1	P.43-45	
	Number of dismissals by gender, age and professional category	GRI 401-1	P.45	
	Pay gap	GRI 405-2	P.61	
	Average **remuneration** by gender, age and professional category	GRI 405-2	P-55-61	
	Average **remuneration** of directors by gender	GRI 102-35	P.61	
	Average **remuneration** of executives by gender	GRI 102-35	P.62	
	Implementation of **policies** on disconnection from work	Internal framework: CSR internal reporting tool	P.41	
	Employees with disability	GRI 405-1	P.55	
Organisation of work	**Organisation** of working time	Internal framework: CSR internal reporting tool	P.46	
	Number of hours absenteeism	GRI 403-2	P.46	
	Measures to facilitate work-life balance and responsible joint exercise of those measures by both parents	GRI 401-2, 401-3	P.50	
Health and safety	**Conditions** of health and safety at work	Internal framework: CSR internal reporting tool	P.51	
	Number of occupational injuries and disease by gender, frequency rate and severity by gender	Internal framework: CSR internal reporting tool	P.51-52	
Labour relations	**Organisation** of social dialogue	GRI 402-1, 403-1, 403-4	P.52	
	Percentage of employees covered by collective agreements by country	GRI 102-41	P.52-53	
	Balance of collective agreements, particularly in the area of health and safety at work	GRI 102-41, 403-4	P.47-50	
Training	**Policies** implemented in the training area	Internal framework:	P.53	

		1) Corporate Code of Conduct 2) CSR internal reporting tool		
	Total **hours** training by professional category	GRI 404-1	P.53-54	
Universal accessibility by persons with disability		Universal accessibility by persons with disability	P.55	
Equality	**Measures** implemented to promote equal treatment and opportunities between women and men	Internal framework: 1) Corporate Code of Conduct 2) CSR internal reporting tool	P.54	
	Equality plans Measures taken to promote employment, protocols against sexual and gender-related harassment	Internal framework: 1) Corporate Code of Conduct 2) CSR internal reporting tool	P.54	
	Integration and universal accessibility of persons with different abilities	GRI 405-1	P.55	
	Policy against all forms of discrimination and, where appropriate, diversity management	Internal framework: 1) Corporate Code of Conduct 2) CSR internal reporting tool	P.54-55	

Information on respect for human rights

Area	Reporting framework	Reference	Comments / Reason for omission
Management focus			
Application of due diligence procedures in respect of human rights	GRI 103-2, 412-2	P.28	
Prevention of the risks of violating human rights and, where necessary, **measures** to mitigate, manage and redress possible abuse committed	GRI 412-2	P.25-28	
Complaints of violation of human rights	GRI 406-1	P.26	
Promotion and compliance with the ILO fundamental conventions related with respect for the freedom of association and right to collective bargaining, elimination of discrimination in employment and occupation, elimination of forced or mandatory labour and effective abolition of child labour	Internal framework: Corporate Code of Conduct	P.25	

Information on anti-corruption and bribery

Area	Reporting framework	Reference	Comments / Reason for omission
Management focus			
Anti-corruption and bribery **measures**	GRI 205-1, 205-2, 419-1	P.28-30	
Anti-money laundering **measures**	GRI 205-2, 419-1	P.31	
Contributions to foundations and not-for-profit entities	GRI 201-1, 413-1	P.32-33	

Information on the company

Area		Reporting framework	Reference	Comments / Reason for omission
Management focus				
Company's commitments to sustainable development	**Impact** of the company's activities on local development and employment	GRI 102-42, 102-43	P.35-40	
	Impact of the company's activities on local populations and region	Internal framework: CSR internal reporting tool	P.35-40	
	Relations with local communities and forms of dialogue with them	GRI 102-43	P.35-40	
	Association or sponsorship **actions**	GRI 203-1, 102-12, 102-16, 102-13	P.35-40	
Outsourcing and suppliers	**Inclusion** in the procurement policy of social, gender equality and environmental issues	Internal framework: Supplier Code of Conduct CSR internal reporting tool	P.63-64	
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	Internal framework: Supplier Code of Conduct CSR internal reporting tool	P.63-64	
	Supervision and audit **systems** and results	Internal framework: CSR internal reporting tool	P.64	
Consumers	**Measures** to guarantee consumer health and safety	GRI 416-1	P.65-66 ANNEX 4	
	Grievance **systems**	GRI 416-2, 418-1	P.66-67	
	Complaints received and solution provided	GRI 103-2, 416-2, 417-2	P.67-68	
Tax information	**Profit** obtained, country by country	Internal framework: Tax and Finance Departments	P.35	
	Corporate income **tax** paid	Internal framework: Tax and Finance Departments	P.34	
	Government **grants** received	Internal framework: Tax and Finance Departments	P.35	

Independent Limited Assurance Report of the Non-Financial Statement for the year ended December 31, 2019

EBRO FOODS, S.A. AND SUBSIDIARIES

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

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

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

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Statement (hereinafter NFS) for the year ended December 31, 2019, of EBRO Foods S.A. and subsidiaries (hereinafter, the Group), which is part of the Director's Report of the Group.

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

Responsibility of the Directors

The Board of Directors of EBRO FOODS, S.A. is responsible for the approval and content of the NFS included in the Director's Report of EBRO FOODS, S.A.

The NFS has been prepared in accordance with the content established in prevailing mercantile regulations and the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in the Annex I: "Table of contents required under Law 11/2018 of December 28 on disclosure of nonfinancial and diversity information," included in the aforementioned Statement.

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

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

Our independence and quality control procedures

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

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

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

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed, that refers exclusively to 2019. Our review has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the Guide for Non-Financial Statement assurance engagements, issued by the Spanish Institute of Chartered accountants.

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

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

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

- Analyzing the scope, relevance and integrity of the content included in the 2019 NFS based on the materiality analysis made by the Group and described in the section "Social Responsibility Model," considering the content required by prevailing mercantile regulations.

- Analyzing the processes for gathering and validating the data included in the 2019 Non-Financial Statement.

- Reviewing the information on the risks, policies, and management approaches applied in relation to the material aspects included in the 2019 NFS

- Checking, through tests of a selected sample, the information related to the content of the 2019 NFS and its correct compilation from the data provided.

- Obtaining a representation letter from the Directors and Management

Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter came to our attention that would lead us to believe that the 2019 NFS of the Group has not been prepared, in all material respects, in accordance with the content established in prevailing mercantile regulations and the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in the Annex I: “Table of contents required under Law 11/2018 of December 28 on disclosure of non-financial and diversity information,” included in the aforementioned Statement.

Use and distribution

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

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

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Alberto Castilla Vida

April 2, 2020

Annual Corporate Governance Report

ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED COMPANIES

DETAILS OF ISSUER

Year Ended: 31/12/2019

Tax Registration Number: A47412333

Name:

EBRO FOODS, S.A.

Registered Office:

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

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the capital of the company:

Date latest modification	Capital (€)	Number of shares	Number of voting rights
11/06/2002	92,319,235.20	153,865,392	153,865,392

Indicate whether there are different classes of shares with different associated rights:

[ ] Yes
[√] No

A.2. Give details on the direct and indirect holders of significant interests in your company at year-end, excluding directors:

Name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
SOCIEDAD ANÓNIMA DAMM	0.00	11.69	0.00	0.00	11.69
CORPORACIÓN ECONÓMICA DELTA, S.A.	11.69	0.00	0.00	0.00	11.69
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0.00	10.36	0.00	0.00	10.36
ARTEMIS INVESTMENT MANAGEMENT, LLP	0.00	4.25	0.00	0.00	4.25

Details of indirect holdings:

Name of indirect holder	Name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% total voting rights
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DELTA, S.A.	11.69	0.00	11.69
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	10.36	0.00	10.36
ARTEMIS INVESTMENT MANAGEMENT, LLP	ARTEMIS INVESTMENT MANAGEMENT, LLP	4.25	0.00	4.25

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

Principal movements
In December 2019, the indirect interest held by José Ignacio Comenge Sánchez-Real exceeded the 5% threshold.

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

Name of director	% voting rights attributed to shares		% voting rights through financial instruments		% total voting rights	% voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
BELÉN BARREIRO PÉREZ- PARDO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEMETRIO CARCELLER ARCE	0.00	0.05	0.00	0.00	0.05	0.00	0.00
ANTONIO HERNÁNDEZ CALLEJAS	0.00	0.11	0.00	0.00	0.11	0.00	0.00
PEDRO ANTONIO ZORRERO CAMAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FERNANDO CASTELLÓ CLEMENTE	1.50	0.00	0.00	0.00	1.50	0.00	0.00
MARÍA CARCELLER ARCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MERCEDES COSTA GARCÍA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JOSE IGNACIO COMENGE SÁNCHEZ- REAL	0.00	5.13	0.00	0.00	5.13	0.00	0.00
CORPORACIÓN FINANCIERA ALBA, S.A.	14.00	0.00	0.00	0.00	14.00	0.00	0.00
ALIMENTOS Y ACEITES, S.A.	10.36	0.00	0.00	0.00	10.36	0.00	0.00
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	7.83	0.00	0.00	0.00	7.83	0.00	0.00
GRUPO TRADIFÍN, S.L.	7.96	0.00	0.00	0.00	7.96	5.28	0.00
HERCALIANZ INVESTING GROUP, S.L.	7.96	0.00	0.00	0.00	7.96	3.02	0.00

Total % of voting rights held by board members	54.91

Details of indirect holdings:

Name of director	Name of direct holder	% voting rights attributed to shares	% voting rights through financial instruments	% total voting rights	% voting rights that may be transferred through financial instruments
DEMETRIO CARCELLER ARCE	INVERSIONES LAS PARRAS DE CASTELLOTE, S.L.	0.05	0.00	0.05	0.00
ANTONIO HERNÁNDEZ CALLEJAS	ANTONIO HERNÁNDEZ GONZÁLEZ	0.05	0.00	0.05	0.00
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	0.06	0.00	0.06	0.00
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	5.13	0.00	5.13	0.00

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

Name of related party	Type of relationship	Brief description
SOCIEDAD ANÓNIMA DAMM. CORPORACIÓN ECONÓMICA DELTA, S.A.	Corporate	Sociedad Anónima Damm holds a direct interest of 99.99% in Corporación Económica Delta, S.A.
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES ALIMENTOS Y ACEITES, S.A.	Corporate	Sociedad Estatal de Participaciones Industriales holds a direct interest of 91.9625% in Alimentos y Aceites, S.A.

A.5. Describe the commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

Name of related party	Type of relationship	Brief description
SOCIEDAD ANÓNIMA DAMM	Commercial	During 2019, Herba Ricemills, S.L.U. (a subsidiary of the Ebro Foods Group) sold rice and rice by-products on arm's length terms to Estrella de Levante, S.A. and Compañía Cervecera Damm, S.A. (subsidiaries of the significant shareholder Sociedad Anónima Damm). See in this respect the information on related party transactions in section D.2 of this Report.

Name of related party	Type of relationship	Brief description
GRUPO TRADIFÍN, S.L.	Commercial	During 2019, the significant shareholder and director Grupo Tradifín, S.L., through its associates, made several commercial transactions (purchases and sales of rice) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions and comments set out in section D.3 of this Report.
GRUPO TRADIFÍN, S.L.	Contractual	During 2019, the significant shareholder and director Grupo Tradifín, S.L., through its associates, made several contractual transactions (mainly services rendered and received) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions and comments set out in section D.3 of this Report.
HERCALIANZ INVESTING GROUP, S.L.	Commercial	During 2019, the significant shareholder and director Grupo Hercalianz Investing Group, S.L., through its associates, made several commercial transactions (mainly purchases and sales of rice) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions and comments set out in section D.3 of this Report.
HERCALIANZ INVESTING GROUP, S.L.	Contractual	During 2019, the significant shareholder and director Grupo Hercalianz Investing Group, S.L., through its associates, made several contractual transactions (mainly services rendered and received) on arm's length terms with different subsidiaries of the Ebro Foods Group. See in this respect the information on related party transactions and comments set out in section D.3 of this Report.

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

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

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
ANTONIO HERNÁNDEZ CALLEJAS	HERCALIANZ INVESTING GROUP, S.L.	HERCALIANZ INVESTING GROUP, S.L.	Antonio Hernández Callejas has a direct interest of 33.333% in Hercalianz Investing Group, S.L. He does not hold any office in that company.
FÉLIX HERNÁNDEZ CALLEJAS	HERCALIANZ INVESTING GROUP, S.L.	HERCALIANZ INVESTING GROUP, S.L.	Félix Hernández Callejas has a direct interest of 33.333% in Hercalianz Investing Group, S.L. He is Managing Director of that company.
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	Blanca Hernández Rodríguez has a direct interest of 33.25% in Grupo Tradifín, S.L. She is Managing Director of that company.
JAVIER FERNÁNDEZ ALONSO	CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	Javier Fernández Alonso has an employment relationship with Corporación Financiera Alba, S.A. He is Investment Manager of that company.
DEMETRIO CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	SOCIEDAD ANÓNIMA DAMM	The director Demetrio Carceller Arce was appointed at the proposal of the significant shareholder Corporación Económica Delta, S.A., in which Sociedad Anónima Damm has a direct interest of 99.998%. Mr Carceller Arce has a 0.875% interest in Corporación Económica Delta, S.A., of which he is Chairman of the Board. He is also Executive Chairman of the Board of Sociedad Anónima Damm.

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
MARÍA CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	SOCIEDAD ANÓNIMA DAMM	The director María Carceller Arce was appointed at the proposal of the significant shareholder Corporación Económica Delta, S.A., in which Sociedad Anónima Damm has a direct interest of 99.998%. Ms Carceller Arce has a 0.05% interest in Corporación Económica Delta, S.A. and represents the director Seegrund BV on the Board of Directors of Corporación Económica Delta, S.A. and Sociedad Anónima Damm.
ALIMENTOS Y ACEITES, S.A.	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	Sociedad Estatal de Participaciones Industriales has a direct interest of 91.9625% in Alimentos y Aceites, S.A.
MARÍA JESÚS GARRIDO SOLÍS	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	María Jesús Garrido Solís is a proprietary director and Deputy Director of Investee Companies of Sociedad Estatal de Participaciones Industriales.
JAVIER GÓMEZ-TRENOR VERGÉS	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	Javier Gómez-Trenor Vergés has an indirect interest of 12.586% in Empresas Comerciales e Industriales Valencianas, S.L. through the direct interest of 50.415% he has in Inversiones Caspatró, S.L., which in turn has a direct interest of 24.964% in Empresas Comerciales e Industriales Valencianas, S.L. Inversiones Caspatró, S.L. is a director of Empresas Comerciales e Industriales Valencianas, S.L. Javier Gómez-Trenor Vergés is Chairman of the Board of Inversiones Caspatró, S.L. and represents the director Cultivos Valencia, S.L. on the Board of Directors of Empresas Comerciales e Industriales Valencianas, S.L.

Name of related director or representative	Name of related significant shareholder	Name of company in the significant shareholder's group	Description of relationship/office
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	MENDIBEA 2002, S.L.	José Ignacio Comenge Sánchez-Real has an indirect interest of 73% in La Fuente Salada, S.L. through his direct interest of 73% in Mendibea 2002, S.L., which in turn owns 100% of La Fuente Salada, S.L. José Ignacio Comenge Sánchez-Real is the Sole Director of La Fuente Salada, S.L.

Hercalianz Investing Group, S.L., Grupo Tradifín, S.L., Corporación Financiera Alba, S.A., Alimentos y Aceites, S.A., Empresas Comerciales e Industriales Valencianas, S.L. and José Ignacio Comenge-Sánchez Real are directors and significant shareholders of Ebro Foods, S.A. See section A.3 of this report.

A.7. State whether the company has been notified of any shareholders' agreements that may affect it pursuant to sections 530 and 531 of the Corporate Enterprises Act. If any, describe them briefly and list the shareholders bound by the agreement:

[ ] Yes
[√] No

Indicate and describe any concerted actions among company shareholders of which the company is aware:

[ ] Yes
[√] No

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that has taken place during the year:

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

[ ] Yes
[√] No

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

At year-end:

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

(*) Through:

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

A.10. Indicate the term and conditions of the authorisation granted by the general meeting to the board to issue, buy or sell own shares:

The Annual General Meeting of Shareholders held on second call on 3 June 2015 resolved, under item twelve on the agenda, to authorise the Board of Directors to buy back own shares and reduce the Company's capital and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in law.

a. Conditions of the authorisation

To authorise the Board of Directors, with the power to delegate, to buy back shares in Ebro Foods, S.A., directly or through its subsidiaries, by purchase, swap or under any other title and on one or several occasions, on the terms and conditions established in sections 146 et seq and sections 509 et seq of the Corporate Enterprises Act, and the following conditions:

- The par value of the shares purchased directly or indirectly, together with those already held by the Company or its subsidiaries, shall not exceed 10% of the subscribed capital.

- The buy-back, when added to the shares previously acquired by the Company, or any person acting in their own name but on behalf of the Company, and held as treasury stock, shall not have the effect of reducing equity to below the amount of the capital plus the legal or restricted statutory reserves. For this purpose, equity shall be the amount considered as such according to the principles for drawing up the annual accounts, less the amount of gains attributed directly thereto, plus the amount of uncalled subscribed capital and the par value and share premium of the subscribed capital recognised in liabilities.

- The shares thus acquired shall be fully paid up.

- The cap and floor values for buy-back shall be the market value of the shares on an official secondary market at the date of buy-back and a value equivalent to the par value of the own equity instruments acquired, respectively.

b. Contents of the authorisation

- To authorise the Board, by direct resolution or delegation to the Executive Committee, or by delegation to such person or persons as the Board of Directors may authorise for this purpose, to buy back own shares to hold them in its treasury stock, dispose of them or, as the case may be, put a motion to the General Meeting for their redemption, within the legal limits and complying with the conditions established in this resolution.

This authorisation is extended to the possibility of buying back own shares for delivery, on one or several occasions, to the Company or group employees, directly or following exercise of their option rights, pursuant to section 146.1(a), third paragraph, of the Corporate Enterprises Act.

It is also extended to acquisitions of shares in Ebro Foods, S.A. by its subsidiaries.

- To authorise the Board of Directors to reduce the capital in order to redeem the own equity instruments purchased by the Company or other companies in its group against the capital (for their par value) and unrestricted reserves (for the cost of the acquisition in excess of that par value), by such amounts as it may deem fit from time to time and up to the maximum own shares held at any time.

- To delegate to the board to implement the aforesaid resolution to reduce the capital, which it may do on one or several occasions or declare it null and void, within a period not exceeding 5 years from the date of this General Meeting (3 June 2015), taking such actions for this purpose as may be necessary or required by law.

The Board of Directors is especially authorised so that it may, within the times and limits indicated in this resolution, proceed to: (i) make or declare void the reduction of capital, naming if appropriate the specific date(s) of the transactions, taking account of any internal or external factors that may influence this decision; (ii) specify in each case the amount by which the capital is reduced; (iii) determine the destination of the amount of the reduction of capital; (iv) in each case adjust Articles 6 ("Capital") and 7 ("Shares") of the Articles of Association to reflect each new amount of capital and new number of shares; (v) apply in each case for delisting of the redeemed shares; and (vi) in general adopt such resolutions as may be considered necessary for redemption and the consequent reduction of capital, designating who is to put it on record.

c. Term of the authorisation

The authorisation contemplated in this resolution is granted for a maximum of five years from the date of the General Meeting (3 June 2015) and covers all transactions in own equity instrument made hereunder, without requiring reiteration for each acquisition made. It also covers any provisions or earmarking of reserves made in accordance with the Corporate Enterprise Act.

The resolutions adopted at the General Meeting on 3 June 2015 on treasury stock, reduction of capital and delegation to the Board rendered void, to the extent that they had not been used, those adopted on the same issues at the General Meeting of 15 June 2011 and at the date of this report they are still in force, not having been revoked.

A.11. Estimated free float:

	%
Estimated free float	29.15

A.12. Indicate any constraints (statutory, legal or other) on the transferability of shares and/or any restrictions on voting rights. In particular, indicate the existence of any constraint or limitation that may hamper takeover of the company through the acquisition of its shares on the market, and any authorisations or prior notifications of acquisitions or transfers of the company's financial instruments required by sector laws and regulations.

[ ] Yes
[√] No

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

[ ] Yes
[√] No

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

A.14. State whether the company has issued any shares that are not traded on an EU regulated market:

[ ] Yes
[√] No

If appropriate, indicate the different classes of shares and the rights and obligations conferred for each class:

B. GENERAL MEETING

B.1. Indicate whether there are any differences between the quorums established for general meetings and the minimums stipulated in the Corporate Enterprises Act and, if any, explain:

[ ] Yes
[√] No

B.2. Indicate whether there are any differences in respect of the system stipulated in the Corporate Enterprises Act for adopting corporate resolutions and, if any, explain:

[ ] Yes
[√] No

B.3. Indicate the rules for alteration of the company's articles of association. In particular, indicate the majorities stipulated for altering the articles of association and the rules, if any, protecting shareholders' rights in any alteration of the articles.

Ebro Foods, S.A. has not established any requirements for altering the Articles of Association other than those stipulated in the Corporate Enterprises Act.

B.4. Give details of attendance of general meetings held during the year of this report and the two previous years:

	Details of attendance				
Date of general meeting	% in person	% by proxy	% distance voting		Total
			Electronic vote	Others	
01/06/2017	20.68	44.90	0.00	11.87	77.45
Of which free float	0.27	15.56	0.00	1.51	17.34
05/06/2018	39.94	27.94	0.00	11.16	79.04
Of which free float	0.19	15.91	0.00	0.80	16.90
01/06/2019	29.12	51.48	0.01	0.10	80.71
Of which free float	0.17	15.37	0.01	0.10	15.65

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

[ ] Yes
[√] No

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

[ ] Yes
[√] No

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

[ ] Yes
[√] No

B.8. Indicate the address and access to the company's website and where to find information on corporate governance and other information on general meetings that must be made available to shareholders through the company's website:

The corporate website of Ebro Foods (http://www.ebrofoods.es/en/) is set up as a vehicle of information, continuously and permanently updated for shareholders, investors and markets in general.

In this respect, the home page includes a specific section called "Information for shareholders and investors", which contains all the information required under the applicable legal provisions.

Pursuant to current legislation, this section includes the chapter on Corporate Governance at the following address:
http://www.ebrofoods.es/en/information-for-shareholders-and-investors/corporate-governance/regulations-of-the- general-meeting/

That section includes all the information that the Company makes available to shareholders for general meetings, specifically at http://www.ebrofoods.es/en/information-for-shareholders-and-investors/corporate-governance/general-meeting-of-shareholders-exercise-of-the-right-to-information/ and http://www.ebrofoods.es/en/information-for- shareholders-and-investors/corporate-governance/general-shareholders-meeting-2019/. There is also a direct link to the General Meeting of this year from the home page (http://www.ebrofoods.es/en/).

The Corporate Governance section is structured in the following sub-sections:

- Regulations of the General Meeting
- General Meeting of Shareholders: exercise of the right to information
- General Shareholders' Meeting
- Board of Directors
- Regulations of the Board
- Annual Corporate Governance Report
- Remuneration of Directors
- Board Committees
- Internal Code of Market Conduct
- Shareholders' Forum

The contents of this chapter are structured and hierarchical, with a concise, explanatory title, to permit rapid, direct access to each section in accordance with legal recommendations, at less than three clicks from the home page.

All these sections have been designed and prepared according to the principle of easy access, aiming to enable fast location and download of the required information.

The corporate website offers all the information in this section in Spanish and English.

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1. Board of Directors

C.1.1 State the maximum and minimum numbers of directors stipulated in the articles of association and the number set by the general meeting:

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

C.1.2 Give details of the board members:

Name of director	Representative	Category of director	Position on Board	Date first appointment	Date latest appointment	Election procedure
BELÉN BARREIRO PÉREZ-PARDO		Independent	DIRECTOR	25/01/2017	01/06/2017	RESOLUTION PASSED AT AGM
DEMETRIO CARCELLER ARCE		Proprietary	VICE-CHAIRMAN	01/06/2010	05/06/2018	RESOLUTION PASSED AT AGM
ANTONIO HERNÁNDEZ CALLEJAS		Executive	CHAIRMAN	24/01/2002	05/06/2018	RESOLUTION PASSED AT AGM
PEDRO ANTONIO ZORRERO CAMAS		Independent	DIRECTOR	13/12/2018	04/06/2019	RESOLUTION PASSED AT AGM
FERNANDO CASTELLÓ CLEMENTE		Independent	DIRECTOR	29/05/2012	05/06/2018	RESOLUTION PASSED AT AGM
MARÍA CARCELLER ARCE		Proprietary	DIRECTOR	21/03/2018	05/06/2018	RESOLUTION PASSED AT AGM
MERCEDES COSTA GARCÍA		Independent	LEAD INDEPENDENT DIRECTOR	27/07/2016	01/06/2017	RESOLUTION PASSED AT AGM
JOSE IGNACIO COMENGE SÁNCHEZ-REAL		Proprietary	DIRECTOR	29/05/2012	05/06/2018	RESOLUTION PASSED AT AGM
CORPORACIÓN FINANCIERA ALBA, S.A.	JAVIER FERNÁNDEZ ALONSO	Proprietary	DIRECTOR	31/01/2018	05/06/2018	RESOLUTION PASSED AT AGM

Name of director	Representative	Category of director	Position on Board	Date first appointment	Date latest appointment	Election procedure
ALIMENTOS Y ACEITES, S.A.	MARÍA JESÚS GARRIDO SOLÍS	Proprietary	DIRECTOR	23/07/2004	05/06/2018	RESOLUTION PASSED AT AGM
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	JAVIER GÓMEZ-TRENOR VERGÉS	Proprietary	DIRECTOR	18/12/2013	05/06/2018	RESOLUTION PASSED AT AGM
GRUPO TRADIFÍN, S.L.	MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	Proprietary	DIRECTOR	21/12/2016	01/06/2017	RESOLUTION PASSED AT AGM
HERCALIANZ INVESTING GROUP, S.L.	FÉLIX HERNÁNDEZ CALLEJAS	Executive	DIRECTOR	21/12/2016	01/06/2017	RESOLUTION PASSED AT AGM

Total number of directors	13

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

Name of director	Category of director at time of retirement	Date of last appointment	Date of retirement	Specialist committees of which the director was a member	State whether retirement occurred before end of term of office
No details					

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

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

Total number of executive directors	2
% of board	15.38

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

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

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

(iii) holds office as a director because it is a significant shareholder of the Company, with an interest of 7.961%.

Hercalianz Investing Group, S.L. will continue to be a director of Ebro Foods, S.A. as long as it is a significant shareholder, regardless of who is its representative and the executive position that said representative may have within the Group.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
DEMETRIO CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	Demetrio Carceller Arce was born in Madrid. He has a degree in Business Administration from the Private Financial Studies University 'Colegio Universitario de Estudios Financieros' (CUNEF) of Universidad Complutense de Madrid. He subsequently did an MBA at Duke University (Fuqua School of Business). He is Executive Chairman of Sociedad Anónima Damm and Chairman of Corporación Económica Delta, SA. and DICSA Corporación Petrolífera, S.A. He is also Vice-Chairman and member of the Executive Committee of Sacyr, S.A. and Director of Freixenet ('cava' producers). In 2019, he was elected Chairman of Cerveceros de España (Spanish Brewers Association). He also chairs the Board of Trustees of the Damm Foundation.
MARÍA CARCELLER ARCE	CORPORACIÓN ECONÓMICA DELTA, S.A.	María Carceller Arce was born in Madrid. She has a degree in Business Studies from the European Business School, specialising in marketing and international business, and has a postgraduate degree from IESE (Management Development Programme PDD-C). She has over 20 years' experience in national and international companies in the food and drink sector. She has been on the Food and Drink Advisory Board of the IESE Business School since 2001 and Managing Director of Grupo Rodilla since 2012. Before joining the Grupo Rodilla, she held different management positions in Pepsico and McDonald's, receiving the President Award, among others. She had previously been Manager of the Commercial and Marketing areas in different prestigious companies in the sector, such as Yoplait and Bodegas y Bebidas, S.A. She is bilingual Spanish-German and also speaks English.
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	JOSE IGNACIO COMENGE SÁNCHEZ-REAL	José Ignacio Comenge Sánchez-Real was born in San Sebastián. He is an Economist and has a degree in International Banking. He has a lengthy track record in business management and administration in companies operating in different areas of the Spanish economy, including the financial, insurance, beverages and renewable energy sectors. He has been an executive and director in different financial and insurance entities, such as Banco Hispano Americano, Mutua Madrileña and Axa Winterthur, among others. He is Chairman of Ball Beverage Packaging Iberica S.L. and Arbitraje&Inversiones S.L. and Director of ENCE Energía y Celulosa, S.A., CVNE, S.A. (Compañía Vinícola Nacional de España), Olive Partners, S.A., Barbosa&Almeida, S.A. Grupo Apex (Aperitivos y Extrusionados, S.A.U.) and Coca-Cola European Partners.

NON-EXECUTIVE PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented or that proposed appointment	Profile
CORPORACIÓN FINANCIERA ALBA, S.A.	CORPORACIÓN FINANCIERA ALBA, S.A.	Javier Fernández Alonso (representative of the director Corporación Financiera Alba, S.A.) was born in Bilbao. He has a degree in Business Management and Administration from Deusto University (La Comercial), specialising in Finance and graduating Cum Laude. With extensive experience in business management and administration, he is Investment Manager in Corporación Financiera Alba, S.A. He is also on the Board of Directors of Euskaltel, S.A., Rioja Acquisition, S.à.r.L., Artá Capital S.G.E.I.C., S.A. and Deyá Capital IV S.C.R., S.A. and on the Investment Committee of Artá Capital, among other responsibilities. He has been on the boards of several companies including, among others, Acerinox, S.A., Actividades de Construcción y Servicios, S.A. and Parques Reunidos Servicios Centrales, S.A. He speaks English.
ALIMENTOS Y ACEITES, S.A.	ALIMENTOS Y ACEITES, S.A.	María Jesús Garrido Solís (representative of the director Alimentos y Aceites, S.A.) was born in Madrid. She has a BA in Business Studies and Law E-3 ICADE; MBA-Business Administration, Master in Taxation from the Postgraduate Institute of Universidad Pontificia Comillas and 'Programa Promociona' organised by ESADE. She has a lengthy track record in business administration, management and control within the government institutions and as a lecturer of public management and management control, among other subjects, at Universidad Carlos III in Madrid. She is a proprietary director representing Sociedad Estatal de Participaciones Industriales (SEPI) on several boards of directors. At present, she is proprietary director and Deputy Director of the Investees Department at SEPI.
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	Javier Gómez-Trenor Vergés (representative of the director Empresas Comerciales e Industriales Valencianas, S.L.) was born in Barcelona. He has a degree in Economics and Business Studies from the University of Valencia. He has a lengthy track record in the business sector, as executive and director of numerous companies in the beverages, agricultural, livestock and concentrated juice sectors. He is currently the representative of the corporate Chairman of the Board of Empresas Comerciales e Industriales Valencianas, S.L. and the corporate Vice-Chairman of the Board of Olive Partners S.A., he is Chairman of the Board of Inversiones Caspatró, S.L. and is on the boards of several financial investment, property and agricultural companies.
GRUPO TRADIFÍN, S.L.	GRUPO TRADIFÍN, S.L.	Blanca Hernández Rodríguez (representative of the director Grupo Tradifín, S.L.) was born in Seville. She has a degree in Economics and Business Studies from the University of Seville, a degree in Humanities from the European University of Madrid and a Master of Finance from CUNEF. She has extensive experience in the financial sector. She is Founder and Managing Director of Magallanes Value Investors, S.A., S.G.I.I.C. and Director of PharmaMar, S.A. She is on the Board of Trustees of Proyecto Hombre and the Capacis Foundation, and chairs the Ebro Foods Foundation.

Total number of proprietary directors	7
% of board	53.85

NON-EXECUTIVE INDEPENDENT DIRECTORS	
Name of director	Profile
BELÉN BARREIRO PÉREZ- PARDO	Belén Barreiro Pérez-Pardo was born in Madrid. She has a PhD in Political Science, Sociology and Social Anthropology from the Autonomous University of Madrid and a Master in Social Science from the Juan March Institute of Studies and Research. With over 20 years' experience, she is dedicated to the scientific analysis of society and counselling on public opinion research. She has published several books and academic articles and is a visiting lecturer for different university courses. She is on the Advisory Board of the Spanish Association of Foundations and is CEO and founding member of 40dB., a social and market research agency.
PEDRO ANTONIO ZORRERO CAMAS	Pedro Antonio Zorrero Camas was born in Seville. He graduated as Agricultural Engineer from the University of Almería, and as Technical Agricultural Engineer from the University of Seville. Civil servant in the regional government of Andalusia, as a specialist Agricultural Engineer. He has a lengthy track record within the public sector in the fields of audit, control and management of European funds. In the private sector, he has extensive experience in agricultural engineering, having designed several technical projects in the agricultural sector and worked as engineering consultant and adviser at different farms to promote intensive farming and extensive stockbreeding.
FERNANDO CASTELLÓ CLEMENTE	Fernando Castelló Clemente was born in Mollerusa (Lleida). He is an Industrial Engineer and has an MBA from IESE. He has held several important executive and management positions in companies operating in the dairy sector and in distribution in the food sector. He is on the Boards of several companies in the wine sector and others engaged in alternative energies and construction.
MERCEDES COSTA GARCÍA	Mercedes Costa García was born in Lleida. She has a Law degree from the Central University of Barcelona and LL.M. from IE Law School. She has extensive professional experience as a commercial lawyer in the law firm of José Mario Armero, and as a lecturer and researcher of the entire negotiation process. She is currently Manager of the Negotiation and Mediation Centre and negotiation lecturer in the Master Programmes, Advanced Courses and Executive Education Programmes at IE Business School in Madrid, both on-site and online, Manager of the Negotiate Forum and member of the Good Governance Centre at IE Business School.

Total number of independent directors	4
% of board	30.77

State whether any director qualified as independent receives from the company or any other company in its group any sum or gain other than directors' emoluments, or has or has had a business relationship with the company or any other company in its group during the past year, in their own name or as significant shareholder, director or senior executive of a company which has or has had such a relationship.

If appropriate, include a reasoned statement by the board explaining why it considers that the director in question can perform their duties as an independent director.

Name of director	Description of the relationship	Reasoned statement
No details		

OTHER NON-EXECUTIVE DIRECTORS			
Name any other non-executive directors and explain why they cannot be considered proprietary or independent directors and their relationships, with the company or its executives or with the shareholders:			
Name of director	Reasons	Company, executive or shareholder with which it is related	Profile
No details			

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

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

Name of director	Date of change	Previous category	Current category
No details			

C.1.4 Complete the following table with details of the number of female directors over the past 4 years and the type of female directors:

	Number of female directors				Female directors / total directors of each type (%)			
	2019	2018	2017	2016	2019	2018	2017	2016
Executive					0.00	0.00	0.00	0.00
Proprietary	3	3	3	2	42.86	42.86	50.00	33.33
Independent	2	2	2	1	50.00	50.00	50.00	25.00
Other non-executive					0.00	0.00	0.00	0.00
Total	5	5	5	3	38.46	38.46	41.67	23.08

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

[√] Yes
[ ] No
[ ] Partial policies

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

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

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

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

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

The goals established in the Policy are:

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

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

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

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

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

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

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

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

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

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

C.1.6 Explain any measures agreed by the nomination committee to ensure that the selection procedures are not implicitly biased against the selection of female directors and that a conscious effort is made to include women with the target profile among the candidates so that a balance may be struck between male and female directors:

Explanation of the measures

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

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

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

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

See section C.1.5 of this Report.

If, despite the measures taken, if any, there are few or no female directors, explain the reasons that justify this situation:

Explanation of the measures

N/A

C.1.7 Explain the conclusions of the nomination committee on compliance with the policy for selecting directors and, in particular, on how that policy is promoting the target that by the year 2020 the number of female directors should represent at least 30% of all the board members.

The Nomination and Remuneration Committee considers that the latest appointments of new directors resolved in 2017 and 2018 both increase the number of Independent Directors, in keeping with the good governance recommendations, and conform to the principles of diversity, non-discrimination and equal treatment established in the Policy for Selection of Directors and Diversity in the Composition of the Board. Those principles are intended to: (i) enhance the diversity of expertise and experience on the board, (ii) avoid any implicit bias that may imply any kind of discrimination, and (iii) favour gender diversity.

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

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

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

Name of shareholder	Justification
No details	

State whether any formal requests for presence on the board have been rejected from shareholders holding interests equal to or greater than others at whose request proprietary directors have been appointed. If appropriate, explain why such requests were not met:

[ ] Yes
[√] No

C.1.9 Indicate the powers delegated by the board to particular directors or committees, if any:

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

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

Name of director	Name of group company	Position	With executive duties?
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	GEOVITA FUNCTIONAL INGREDIENTS, S.R.L	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA INGREDIENTS BELGIUM B, B.V.B.A.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	A.W. MELLISH, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PASTIFICIO LUCIO GAROFALO, S.P.A.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	BERTAGNI 1882, S.P.A	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, CV	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	EURO RICE HANDLING, BVBA	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	EBRO FOODS, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	T.A.G. NAHRUNGSMITTEL, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY, GMBH	JOINT AND SEVERAL DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR	YES

Name of director	Name of group company	Position	With executive duties?
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS, LTD.	DIRECTOR	YES
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARRROZ, S.A.	CHAIRMAN	YES
ANTONIO HERNÁNDEZ CALLEJAS	BERTOLINI IMPORT UND EXPORT, GMBH	JOINT AND SEVERAL DIRECTOR	YES

Antonio Hernández Callejas is a director of Riso Scotti, S.p.A., an associate outside the Ebro Foods Group, in which Ebro Foods, S.A. holds a 40% interest. This investment is consolidated by the equity method. Riso Scotti, S.p.A. is an Italian company engaged in an activity similar to the objects of Ebro Foods, S.A.

He is also a member of the Board of Trustees of the Ebro Foods Foundation.

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

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

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

- José Ignacio Comenge Sánchez-Real represents the director La Fuente Salada, S.A. (a company controlled by Mr Comenge) on the Board of Directors of Energía y Celulosa, S.A.
- Javier Fernández Alonso represents the director Corporación Financiera Alba, S.A. on the Board of Directors of Euskaltel, S.A.

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

[√] Yes
[ ] No

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

Article 32.2 of the Regulations of the Board establishes, among the "General Duties of Directors", that the Directors shall dedicate such time and attention to the Company as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the Company.

C.1.13 Indicate the amounts of the following items in the overall remuneration of the board:

Remuneration of the board (thousand euros)	5,687
Amount of the vested rights of current directors in pension schemes (thousand euros)	
Amount of the vested rights of former directors in pension schemes (thousand euros)	

The directors' remuneration indicated in this section C.1.13 includes the attendance fees received by the Chairman of the Board of Ebro Foods, S.A., Antonio Hernández Callejas, as director of the Group subsidiary, Pastificio Lucio Garofalo, S.p.A., totalling 5,000 euros and paid by that company.

In addition, the Chairman of the Board of Directors received 5,200 euros from Riso Scotti, S.p.A. in attendance fees as director of that company.

C.1.14 Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

Name	Position(s)
ANA MARÍA ANTEQUERA PARDO	COMMUNICATIONS AND CSR MANAGER
LUIS PEÑA PAZOS	SECRETARY OF THE COMPANY AND BOARD
PABLO ALBENDEA SOLÍS	CHIEF OPERATING OFFICER (COO)
ALFONSO FUERTES BARRO	FINANCE MANAGER
GABRIEL SOLÍS PABLOS	TAX MANAGER
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY OF THE BOARD
GLORIA RODRÍGUEZ PATA	CORPORATE ASSETS MANAGER
JESÚS DE ZABALA BAZÁN	INTERNAL AUDIT MANAGER
MANUEL GONZÁLEZ DE LUNA	INVESTOR RELATIONS AND FINANCIAL INSTITUTIONS MANAGER
MARÍA JOSÉ GARRETA RODRÍGUEZ	PATENTS AND TRADEMARKS MANAGER

Total remuneration top management (thousand euro)	2,226

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

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

[√] Yes
[ ] No

Description of modifications

On 30 April 2019, in consideration of the favourable report issued by the Nomination and Remuneration Committee, the Board of Directors unanimously resolved to amend Article 41 ("Directors' Remuneration") of the Regulations of the Board for the sole purpose of adapting its contents to the new wording of Article 22 of the Articles of Association on directors' remuneration, due then to be laid before the Annual General Meeting on 4 June 2019. The effectiveness of the amended Regulations was made conditional on approval by the General Meeting of the alteration of Article 22 of the Articles of Association.

The amendment to Article 41 of the Regulations of the Board became fully effective when, on 4 June 2019, the General Meeting approved the alteration of Article 22 of the Articles of Association, and the shareholders were informed of that amendment in Item Eleven on the Agenda for that General Meeting.

The purpose of the alteration of Article 22 of the Articles of Association and, consequently, the amendment to Article 41 of the Regulations of the Board, was to modify the remuneration of directors for their duties as such, as follows:

- replace the former profit-sharing system with a simpler, more direct system of fixed assignment for the Board as a whole; and

- maintain the attendance fees for board and committee meetings.

So after the alteration of Article 22 of the Articles of Association and the amendment of Article 41 of the Regulations of the Board, the remuneration of directors for their duties as such consists of two pay items: a fixed annual assignment for the Board as a whole and attendance fees for board and committee meetings.

The amounts corresponding to each of these items is decided by the General Meeting, while the Board is responsible for distributing the fixed assignment among the directors (according to objective criteria) and deciding when such payments are to be made.

C.1.16 Describe the procedures for selection, appointment, re-election and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for selection, appointment, re-election and removal of the directors are regulated in the Articles of Association and the Regulations of the Board.

There is also a Policy for Selection of Directors and Diversity in the Composition of the Board of Directors, which specifically and verifiably establishes the basic criteria and principles to be followed in the selection of candidates.

The Policy is applicable in the appointment, ratification and re-election of directors by the General Meeting and any appointments made by the Board. For candidates who are legal persons, the principles and criteria of the Policy must also be observed in respect of the individuals representing them on the Board.

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

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

The General Meeting is responsible for deciding on the number of directors the company is to have, within the minimum (7) and maximum (15) established in the Articles of Association, and for appointing or re-electing directors as proposed by the Board, subject to a favourable report by the Nomination and Remuneration Committee.

The Board may also appoint directors by cooptation, subject to a report by the Nomination and Remuneration Committee and by the Board of Directors on the terms stipulated in law.

In any case, the initiative of the Board regarding the incorporation of members by no means detracts from the sovereign power of the General Meeting to appoint and remove directors, or from any potential exercise by shareholders of their right to proportional representation.

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

B. Procedure for removal of Directors

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

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

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

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

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

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

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

C.1.17 Explain to what extent the annual assessment of the board has given rise to major changes in its internal organisation and the procedures applicable to its activities:

Description of changes
The annual assessment of the Board, Committees and Chairman made in 2019 in respect of 2018 did not reveal the need for any major changes in the Company's internal organisation or the procedures applicable to its activities.

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

Description of assessment process and areas assessed

A. Assessment process:

A self-assessment process is carried out every year on the Board, its Committees and the Executive Chairman of the Company.

That process is based on: (i) a report prepared by the Nomination and Remuneration Committee for presentation to the Board, (ii) the activity reports of the Audit and Compliance Committee and the Nomination and Remuneration Committee, and (iii) the resolutions adopted by the Board of Directors in view of the foregoing.

B. Methods used:

The methods used in the previous year by the external adviser that assisted the Company in this process were repeated, as far as possible, in the assessment process conducted in 2019 in respect of 2018.

- The directors (and representatives of corporate directors) completed a questionnaire previously approved by the Nomination and Remuneration Committee, which was essentially the same as the one used by the external adviser for the assessment made in the previous year. The questionnaires were especially adapted to the condition of each director.

- Once all the questionnaires had been completed, the data collected were sent to the Secretary of the Nomination and Remuneration Committee who, after analysing them, drew up a summary of the replies (anonymous) for the Committee, which then issued the corresponding Assessment Report that was finally submitted to the Board.

In the assessment process made in 2019, it was not considered appropriate to supplement the results of the questionnaires with a personal interview with the Lead Independent Director, since that director, Mercedes Costa García, had participated intensely in the assessment process as a member of the Nomination and Remuneration Committee.

- Both the questionnaires completed by all the directors and the Assessment Report have been filed by the Secretary of the Board.

C. Areas assessed:

- Board of Directors: assessment by all the directors of: (i) the quantitative and qualitative composition of the Board, (ii) the balance and diversity of expertise on the Board, (iii) the independence and dedication of the directors, (iv) the adaptation of the Board procedures to the provisions of law, articles and regulations applicable to the Board, and v) the calling and holding of meetings and transaction of business within the governing body.

- Committees of the Board: assessment by all the directors of the existing committees, their composition and work (and reporting to the Board) from the point of view of the Board as recipient of that work.

- Executive Committee: assessment by the members of the Executive Committee of specific issues regarding its internal procedures, composition and powers.

- Audit and Compliance Committee: assessment by the members of the Audit and Compliance Committee of specific issues regarding its internal procedures, composition and powers and its relationships with other committees in the company (the Risks Committee and Compliance Unit) and the external auditor.

- Nomination and Remuneration Committee: assessment by the members of the Nomination and Remuneration Committee of specific issues regarding its internal procedures, composition and powers.

- Strategy and Investment Committee: assessment by the members of the Strategy and Investment Committee of specific issues regarding its internal procedures, composition and powers.

- Executive Chairman: assessment by all the directors (except the Executive Chairman) of different aspects of the Chairman both in his duties as such (aspects relating to management of the Board) and as chief executive of the group (aspects regarding the rendering of accounts and reporting on management affairs).

- Lead Independent Director: assessment by all the directors (except the Lead Independent Director) of the performance by the Lead Independent Director of her duties.

- Decision-making: assessment by all the directors of the information they receive and how especially important matters are processed (depth, time, debate) within the Board.

- Measures adopted in the wake of the assessment of 2017 made in 2018: assessment by all directors of the measures adopted by the Board, at the proposal of the Nomination and Remuneration Committee based on the recommendations of the external adviser, following the assessment of 2017 made in 2018.

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

N/A

C.1.19 State the events in which directors are obliged to step down.

The retirement and resignation of directors are regulated in Article 31 of the Regulations of the Board:

- Directors must step down at the end of the term for which they were appointed and in all other events stipulated in law, the Articles of Association and the Regulations of the Board.

- Directors must also tender their resignations and step down in the following cases:

a) When they are affected by one of the causes of incompatibility or disqualification established in law, the Articles of Association or the Regulations of the Board.

b) When they step down from the executive post to which their appointment as Director was linked, when the shareholder they represent on the Board disposes of all its shares in the Company or reduces its interest to an extent requiring a reduction in the number of Proprietary Directors and, in general, whenever the reasons for their appointment disappear.

c) When the Board, following a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted his obligations or for reasons of corporate interest.

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

[ ] Yes
[√] No

If yes, describe the differences.

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

[ ] Yes
[√] No

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

[ ] Yes
[√] No

C.1.23 Do the Articles of Association or Regulations of the Board establish a limited term of office for independent directors other than as stipulated in law?

[ ] Yes
[√] No

C.1.24 Do the Articles of Association or Regulations of the Board establish specific rules for the delegation of votes to other directors at board meetings, how they are to be delegated and, in particular, the maximum number of proxies that a director may hold, and whether any limitation has been established regarding the categories to which proxies may be granted, other than those established in law? If yes, include a brief description.

Both the Articles of Association (Article 24) and the Regulations of the Board (Article 20) contemplate the possibility of Directors attending Board meetings through a duly authorised proxy.

The proxy must be made in advance, in writing, specially for each Board meeting, in favour of another Director.

The represented Director may issue specific voting instructions for any or all of the items on the agenda.

Non-executive directors may only grant proxies to other non-executive directors.

No limit is established on the number of proxies any one Director may hold, nor is there any constraint on the categories to which proxies may be granted.

C.1.25 State the number of meetings held by the Board of Directors during the year, indicating, if appropriate, how many times the Board has met without the Chairman. Proxies made with specific instructions will be considered attendances.

Number of board meetings	11
Number of board meetings held without the chairman	0

Indicate the number of meetings held without the attendance or representation of any executive director and chaired by the lead independent director:

Number of meetings	1

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

Number of meetings of the Audit and Compliance Committee	6
Number of meetings of the Strategy and Investment Committee	4
Number of meetings of the Nomination and Remuneration Committee	7
Number of meetings of the Executive Committee	8

C.1.26 State the number of meetings held by the Board during the period and details of attendance by its members:

Number of meetings attended by at least 80% of the directors	10
Attendance / total votes during the year (%)	93.71
Number of meetings attended by all the directors, in person or by proxies made with specific voting instructions	11

Votes cast with attendance in person or by proxies with specific instructions / total votes during the year (%)	100.00

C.1.27 Are the separate and consolidated annual accounts submitted to the Board for approval previously certified?

[ ] Yes
[√] No

If yes, name the person(s) who certify the separate or consolidated annual accounts of the company before they are approved by the Board:

C.1.28 Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the separate and consolidated accounts laid before the General Meeting.

Relations with the auditors are expressly regulated in Article 43 of the Regulations of the Board.

The Board shall establish an objective, professional and continuous relationship with the external auditors of the Company appointed by the General Meeting, guaranteeing their independence and providing them with all the information they may require to perform their duties. This relationship and the relationship with the Internal Audit Manager shall be channelled through the Audit and Compliance Committee. Furthermore, the Board shall endeavour to draw up the Annual Accounts in such a way as to avoid a qualified Auditors' report.

Within the specific duties attributed to the Board in certain areas, Article 9 of the Regulations establishes that the Board shall see that the separate and consolidated Annual Accounts and Directors' Reports give a true and fair view of the equity, financial position and results of the Company, as stipulated in law, and each and all of the Directors shall have all the necessary information before signing the Annual Accounts.

Article 24.4 of the Regulations of the Board gives the Audit and Compliance Committee certain powers to ensure that the Annual Accounts are filed without a qualified auditors' report (see section C.2.4 of this Report).

Finally, there is a Risks Control and Management Policy established in the Group laying down the basic principles and the general framework for control and management of the business risks, including tax risks, and internal control of financial reporting to which the Company and other companies in its Group are exposed.

As regards the control of financial reporting, the Group has procedures in place for checking and authorising financial reporting and a description of the financial reporting internal control system (ICFR), responsibility for which lies with the Economic Department, the Risks Committee, the economic and finance departments of the different business units, the Audit and Compliance Committee and the Board. Financial information is checked and authorised by the Economic Department of the Group on the basis of the information confirmed in the different business units.

The information to be remitted to the market is supervised by the Audit and Compliance Committee and approved by the Board.

C.1.29 Is the Secretary of the Board a Director?

[ ] Yes
[√] No

If the secretary is not a director, complete the following table:

Name of secretary	Representative
LUIS PEÑA PAZOS	

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

A. With regard to the external auditors:

Both the Articles of Association and the Regulations of the Board vest in the Audit and Compliance Committee the power, among others, to contact the auditors and receive information on any issues that may jeopardise their independence, for examination by the Audit Committee, as well as any other issues relating to the auditing of accounts. The Committee shall also receive information from and exchange communications with the auditors in accordance with prevailing auditing standards and legislation, notwithstanding the ultimate responsibility of the Board of Directors, which, pursuant to Article 8.1.3.(a) of the Regulations of the Board, is responsible for ensuring the independence and professional suitability of the external auditor.

Article 43 of the Regulations of the Board addresses relations with the auditors, obliging the Board to establish an objective, professional, continuous relationship with the External Auditors of the Company appointed by the General Meeting, guaranteeing their independence and putting at their disposal all the information they may require to perform their duties. It further establishes that the aforesaid relationship with the External Auditors of the Company and the relationship with the Internal Audit Manager shall be conducted through the Audit and Compliance Committee.

Article 24.4 of the Regulations of the Board establishes the following powers of the Audit and Compliance Committee in this respect:

- Establish regular contact with the external auditors to receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the external auditors in accordance with prevailing auditing standards and legislation.

- Ensure the independence of the external auditors and the existence of a discussion procedure enabling the external auditors, the Internal Audit Department and any other expert to inform the company of any significant weaknesses in its internal control detected while checking the annual accounts or any other processes in which they have worked. The Committee shall issue an annual report, prior to issuance of the auditor's report, expressing an opinion on the independence of the external auditors and any supplementary services they may have provided.

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

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

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

B. With regard to relations with analysts, investment banks and rating agencies:

The Company has a Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors approved by the Board of Directors, and a Shareholder and Investor Relations Department, through which communications and information for investors in general are channelled.

Article 42 of the Regulations of the Board regulates the Company's relations with shareholders and the markets in general, providing that the Board of Directors shall take such measures as may be necessary to enable participation by shareholders in general meetings and organise meetings to inform the shareholders and investors (particularly institutional investors) on the progress of the Company and, where appropriate, its subsidiaries.

The Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors contemplates the following general principles applicable in this matter:

- Communication and relations with shareholders, institutional investors and proxy advisors shall be conducted in accordance with the principles of transparency, truth and permanent, adequate, timely reporting.

- The principle of non-discrimination and equal treatment is recognised for all shareholders who are in the same conditions and not affected by conflicts of interest or competence.

- The rights and legitimate interests of all shareholders shall be protected.

- Continuous, permanent communication with shareholders and investors shall be encouraged.

- Reporting and communication channels shall be established with shareholders and investors to ensure compliance with these principles.

The Company's Audit and Compliance Committee is responsible for overseeing compliance with the rules and principles set out in the Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors.

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

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

C.1.31 Indicate whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

[ ] Yes
[√] No

Explain any disagreements with the outgoing auditor:

[ ] Yes
[√] No

C.1.32 State whether the firm of auditors does any work for the company and/or its group other than standard audit work and if so, declare the amount of the fees received for such work and the percentage it represents of the total fees invoiced to the company and/or its group:

[√] Yes
[ ] No

	Company	Group companies	Total
Charge for non-audit work (thousand euros)	119	234	353
Charge for non-audit work / Total amount invoiced by auditors (%)	32.69	11.76	15.00

C.1.33 Indicate whether the auditors' report on the annual accounts of the previous year was qualified. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualifications.

[ ] Yes
[√] No

C.1.34 State the number of years in succession that the current firm of auditors has been auditing the annual accounts of the company and/or its group. Indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Separate	Consolidated
Number of years in succession	6	6

	Separate	Consolidated
Number of years audited by current auditors / Number of years that the company has been audited (%)	20.70	20.70

C.1.35 Indicate, with details if appropriate, whether there is an established procedure for directors to obtain sufficiently in advance any information they may need to prepare the meetings of the governing bodies:

[√] Yes
[ ] No

Details of procedure

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

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

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

C.1.36 Indicate, with details if appropriate, whether the company has established any rules obliging Directors to report and, if necessary, retire in any situations that could be detrimental to the prestige and reputation of the company:

[√] Yes
[ ] No

Explain the rules

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

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

C.1.37 Have any members of the Board informed the company that they have been sued or brought to trial for any of the offences contemplated in s. 213 of the Corporate Enterprises Act?

[ ] Yes
[√] No

C.1.38 Describe any significant agreements entered into by the company that enter into force or are modified or terminated in the event of a takeover of the company following a takeover bid, and the effects thereof.

Most of the financing agreements signed by Ebro Foods, S.A. include takeover clauses on the usual terms for this type of contract. By virtue of those provisions, the lender reserves the right to terminate the financing agreement in the event of a takeover of the Company. Although there is no universal definition of “takeover” for this purpose, the lender’s right is triggered if there is a substantial change in the Company’s significant shareholders.

C.1.39 Indicate individually for directors and globally in other cases, and describe in detail any agreements made between the company and its directors, executives or employees contemplating golden handshake clauses or any other indemnities in the event of resignation or unfair dismissal or termination of employment following a takeover bid or any other type of transaction.

Number of beneficiaries	2
Type of beneficiary	Description of agreement
N/A	N/A

State whether, apart from the cases contemplated in law, these contracts have to be notified to and/or approved by the governing bodies of the company/group companies. If yes, specify the procedures, events contemplated and nature of the bodies responsible for approval and notification:

	Board of Directors	General Meeting
Body authorising the clauses	√	

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

C.2. Committees of the Board

C.2.1 Give details of the different committees, their members and the proportion of executive, proprietary, independent and other non-executive directors in each committee:

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

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

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

The Audit and Compliance Committee is governed by the applicable legal provisions, the specific rules on its composition, organisation, procedure and powers set out in Article 28.2 of the Articles of Association and Article 24 of the Regulations of the Board, and by the provisions on organisation and procedure common to all the Committees, set out in Article 22 of the Regulations of the Board.

This Committee has a minimum of three directors and a maximum of five.

All the members must be Non-Executive Directors, at least most of whom must be Independent Directors and one of them will be appointed on the basis of their expertise and experience in accounting, auditing or both.

The Board shall appoint one of the Independent Directors on the Audit and Compliance Committee to chair that committee, subject to a report by the Nomination and Remuneration Committee. The Committee Chairman shall be replaced every four years and will become eligible for re-election one year after his retirement as such.

The Audit and Compliance Committee shall meet as and when called by its Chairman, or at the request of two of its members and at least once every three months. It shall also meet whenever so required by law or when the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.

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

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

- Financial reporting and annual accounts: ensure that: (i) the systems used for preparing the financial statements and annual accounts conform to current laws and regulations and portray a true and fair view of the equity, financial position and results of the Company; and (ii) the Board of Directors endeavours to submit the annual accounts to the General Meeting with an unqualified auditors' report.

- Relations with the internal and external auditors: submit to the Board, to be tabled at the General Meeting, proposals for the selection, appointment, re-appointment and replacement of the company's External Auditors and their terms of contract, the scope of their commission and the renewal or revocation of their engagement; ensure the independence of the External Auditors, issuing an annual report, prior to issuance of the auditor's report, expressing an opinion on the independence of the External Auditors and any supplementary services they may have provided.

- Intragroup transactions, related party transactions and conflicts of interest: supervise and report to the Board on intragroup and related party transactions of the company or subsidiaries and settle any conflicts of interest that may arise between the company or the group and its directors, executives and significant shareholders.

- Whistleblowing channel: investigate and solve any issues reported through that channel, paying special attention to those involving possible falsehood or misrepresentation in financial or accounting documents and possible fraud.

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

During 2019, the Audit and Compliance Committee performed activities of supervision, control, monitoring and reporting to the Board of Directors in respect of the matters falling within its competence, including financial reporting, annual accounts, relations with the auditors, risk management (including tax risks) and control systems, related party transactions, conflicts of interest, whistleblowing channel, review of and reporting on the corporate policies within its area of competence, and compliance.

The Committee also approved its 2018 activity report, made available for shareholders for the Annual General Meeting of 4 June 2019.

The Company will issue a detailed report of all the activities performed by the Audit and Compliance Committee during 2019, which will be made available to all shareholders prior to the forthcoming Annual General Meeting 2020.

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

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

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

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

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

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

The composition, organisation and procedure of the Strategy and Investment Committee are governed by the provisions common to all the committees set out in Article 22 of the Regulations of the Board and the specific provisions established in Article 24 of the Articles of Association, its powers being regulated in Article 24.3.

This Committee has a minimum of three and a maximum of five Directors, including a Chairman, appointed by the Board of Directors subject to a report by the Nomination and Remuneration Committee.

Meetings are held when called by its Chairman or at the request of two of its members, and in any case whenever the Board of Directors requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.

The Committee is competent to study, issue reports, review and submit proposals for the Board on the following matters:

- setting of targets for growth, yield and market share;

- strategic development plans, new investments and restructuring processes;

- coordination with subsidiaries in the matters contemplated in paragraphs (a) and (b) above, for the common interests and benefit of the Company and its subsidiaries.

During 2019, the Strategy and Investment Committee analysed the reflections of the Executive Chairman on fulfilment of the Strategic Plan of the Ebro Foods Group 2016-2018, completed preparation of the Strategic Plan of the Ebro Foods Group 2019-2021 to be submitted to the Board for approval, and analysed possible investment and divestment strategies in different business lines.

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

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

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

The Nomination and Remuneration Committee is governed by the applicable legal provisions, the specific rules on composition, organisation and procedure established in Article 28.3 of the Articles of Association and Article 25 of the Regulations of the Board and the provisions on organisation and procedure common to all the committees set out in Article 22 of the Regulations of the Board.

The powers of the Nomination and Remuneration Committee are regulated in Article 25.4 of the Regulations of the Board, without prejudice to any others that may be assigned to it by law, the Articles of Association or the Regulations of the Board.

This Committee has a minimum of three and a maximum of five non-executive directors, at least two of which must be Independent Directors. The members are appointed by the Board of Directors.

The Board shall appoint one of the Independent Directors who are members of the Nomination and Remuneration Committee to chair it, subject to a report by that Committee.

Meetings are held when called by its Chairman, or at the request of two of its members and at least once every three months. It shall also meet whenever so required by law or when the Board of Directors requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.

Pursuant to Article 25.4 of the Regulations of the Board, the Nomination and Remuneration Committee is competent to study, issue reports and submit proposals to the Board on the following matters:

- selection of candidates to join the Board of Directors;

- appointment of the Chairman, and Vice-Chairman if any, of the Board, Managing Director(s), Lead Independent Director and the Secretary, and Vice-Secretary if any, of the Board;

- succession of the Chairman and chief executive;

- appointment of directors to the Committees of the Board of Directors;

- appointment and possible dismissal of senior executives and their termination benefit clauses;

- directors' emoluments, according to the system of remuneration established in the Articles of Association and the executive directors' relationship with the Company;

- remuneration of directors and executives indexed to the value of the shares in the Company or its subsidiaries or consisting of the delivery of shares in the Company or its subsidiaries or the granting of options thereover;

- selection policy for directors, targets for the representation of the least represented gender on the Board and issuance of guidelines on how to achieve them;

- remuneration policy for directors and senior management of the Company and Group subsidiaries;

- management training, promotion and selection policy in the Company and Group subsidiaries;

- Annual Report on Directors' Remuneration.

With regard to the activities of the Nomination and Remuneration Committee during 2019, following the appropriate studies and assessments, the Committee has drawn up the proposals and issued the corresponding favourable reports to the Board of Directors in respect of the following:

(i) re-election and appointment of one director and their assignment to the different Committees of the Board of Directors, and appointment of the representative of a different corporate director;

(ii) self-assessment procedure for the Board of Directors, Chairman and Committees for 2018;

(iii) review and favourable report on the alteration of Article 22 of the Articles of Association and Article 41 of the Regulations of the Board, both concerning directors' remuneration;

(iv) review and assessment of the modification to the Directors' Remuneration Policy for 2019-2021;

(v) remuneration systems and remuneration of directors, including the Executive Chairman, and of the key executives of the Company and Group;

(vi) Corporate Governance Report and Directors' Remuneration Report for 2019;

(vii) Share Delivery Plan for Group employees for 2019.

The Committee also approved its 2018 activity report, made available for shareholders for the Annual General Meeting of 4 June 2019.

The Company will issue a detailed report of all the activities performed by the Nomination and Remuneration Committee during 2019, which will be made available to all shareholders for the forthcoming Annual General Meeting 2020.

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

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

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

Articles 19 and 27 of the Articles of Association contemplate the delegation of powers of the Board of Directors to the Executive Committee.

The composition, organisation and procedure of the Executive Committee is governed by the provisions common to all the committees set out in Article 22 of the Regulations of the Board, and the specific regulations established in Article 28.1 of the Articles of Association and Article 23 of the Regulations of the Board.

The powers of this Committee are set out in Article 23.2 of the Regulations of the Board, without prejudice to what the Board may establish in its resolution to delegate powers.

The Executive Committee shall have no fewer than three nor more than seven members, including the Chairman and Vice-Chairman of the Board, who will form part of this Committee.

The Committee shall be presided by the Chairman of the Board. In general, one Executive Committee meeting will be held a month. Its meetings may be attended by such members of the management, employees and advisers of the Company as the Committee may deem fit.

Without prejudice to the autonomy of decision of the Executive Committee in respect of the delegated powers, its resolutions normally being fully valid and effective without ratification by the Board, if the Chairman or three members of the Committee consider this necessary in the circumstances, the resolutions adopted by the Executive Committee shall be submitted to the Board for ratification. This will also be applicable when the Board has delegated the Committee to study certain matters while reserving for itself the ultimate decision, in which case the Executive Committee shall merely submit the corresponding proposal to the Board.

During 2019, the Executive Committee assessed several investments, divestments and sales of assets, as well as the strategic decisions to be adopted in respect of the different business lines.

C.2.2 Complete the following table with information on the number of female directors on the board committees over the past four years:

	Number of female directors							
	2019		2018		2017		2016	
	No.	%	No.	%	No.	%	No.	%
Audit and Compliance Committee	2	40.00	2	40.00	3	60.00	2	40.00
Strategy and Investment Committee	0	0.00	0	0.00	0	0.00	0	0.00
Nomination and Remuneration Committee	3	60.00	3	60.00	2	50.00	1	25.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

C.2.3 Indicate the existence, if appropriate, of regulations of the board committees, where they are available for consultation and any modifications made during the year. State whether an annual report has been issued voluntarily on the activities of each committee.

In general, Article 28 of the Articles of Association establishes the basic regulation of the Committees of the Board, contemplating the existence and composition of: (i) the Executive Committee, (ii) the Audit and Compliance Committee and (iii) the Nomination and Remuneration Committee. It also refers to the Regulations of the Board regarding the possible existence of a Strategy and Investment Committee.

The Regulations of the Board regulate the Board committees in the following specific provisions:

- General provisions applicable to all the Committees: Article 22

- Executive Committee: Article 23

- Audit and Compliance Committee: Article 24

- Nomination and Remuneration Committee: Article 25

- Strategy and Investment Committee: Article 26

The Regulations of the Board also contemplate in different articles the powers of the different Committees of the Board in different areas (e.g. modification of the Regulations).

No changes were made during 2019 to the regulations of the Committees.

Both the Articles of Association and the Regulations of the Board are available for consultation on the corporate website (www.ebrofoods.es). The Regulations of the Board are also published and available for consultation on the website of the National Securities Market Commission (www.cnmv.es). Both texts are delivered to the Directors when they are appointed, together with the Regulations of the General Meeting, the Internal Code of Market Conduct, the Internal Code of Conduct and the Policies of the Ebro Foods Group.

Both the Audit and Compliance Committee and the Nomination and Remuneration Committee issue annual activity reports, which are submitted to the Board of Directors for its information and consideration within the assessment of the Board and its Committees. Those activity reports are made available for shareholders on the corporate website coinciding with the call to the Annual General Meeting.

D. RELATED PARTY AND INTER-COMPANY TRANSACTIONS

D.1. Explain the procedure, if any, and competent bodies for approval of related party and inter-company transactions.

Apart from cases which, by law, require approval by the General Meeting, related party transactions are approved by the Board subject to a report by the Audit and Compliance Committee.

Article 24 of the Regulations of the Board establishes the power of the Audit and Compliance Committee to report to the Board prior to the adoption of any decisions on related party transactions submitted for its authorisation and to supervise and report to the Board on intragroup and related party transactions of the Company or subsidiaries of the Group.

With regard to related party transactions, Article 37.3 of the Regulations of the Board expressly establishes that other than in the cases in which this power is reserved by law to the General Meeting, any transactions made by the Company or Group companies with Directors, significant shareholders, other related parties or shareholders represented on the Board must be authorised by the Board. That authorisation is not necessary when the transactions meet all of the following three conditions:

(i) they are made under contracts with standard terms and conditions applied "en masse" to numerous clients;

(ii) they are made at prices or rates established generally by the supplier of the goods or provider of the services in question;

(iii) the amount thereof does not exceed 1% of the Company's annual revenue.

General, prior authorisation by the Board, subject to a report by the Audit and Compliance Committee, for a line of transactions and their conditions will be sufficient for bilateral or recurring transactions made in the normal course of the company's business. Finally, in cases where urgent action is necessary, related party transactions may be authorised by the Executive Committee, subject to subsequent ratification by the Board.

Finally, the company makes intragroup transactions on arm's length terms, documenting them according to the requirements of the laws (essentially tax laws) in place in each jurisdiction. This is one of the practices required by the Risk Management and Control Policy established in the Ebro Group.

D.2. List any transactions for a significant amount or object between the company and/or companies in its group and significant shareholders of the company:

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euros)
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	Corporate	Sale of goods (finished or otherwise)	6,287
CORPORACIÓN ECONÓMICA DELTA, S.A.	EBRO FOODS, S.A.	Corporate	Dividends and other distributions	10,249
ARTEMIS INVESTMENT MANAGEMENT, LLP	EBRO FOODS, S.A.	Corporate	Dividends and other distributions	3,250

See section A-5 of this Report regarding the related party transaction between Sociedad Anónima Damm and Herba Ricemills, S.L.U. mentioned in this section D.2.

D.3. List any significant transactions for a significant amount or object between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of related party	Relationship	Type of transaction	Amount (thousand euros)
GRUPO TRADIFÍN, S.L.	REAL CLUB DE GOLF DE SEVILLA, S.L.	CORPORATE	Services received	18
GRUPO TRADIFÍN, S.L.	CABHER 96, S.L.	CORPORATE	Purchase of goods (finished or otherwise)	113
GRUPO TRADIFÍN, S.L.	---	---	Dividends and other distributions	6,982
HERCALIANZ INVESTING GROUP, S.L.	---	---	Dividends and other distributions	6,982
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Operating leases	393
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Purchase of goods (finished or otherwise)	3,767
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services rendered	9
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Services received	136
HERCALIANZ INVESTING GROUP, S.L.	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	CORPORATE	Sale of goods (finished or otherwise)	1,354
ANTONIO HERNÁNDEZ CALLEJAS	CARDENAL ILUNDAIN 4, S.L.	CORPORATE	Sale of goods (finished or otherwise)	2
ANTONIO HERNÁNDEZ CALLEJAS	HACIENDA CASTEAS, S.L.	CORPORATE	Sale of goods (finished or otherwise)	2
ANTONIO HERNÁNDEZ CALLEJAS	HERGÓN 96, S.L.	CORPORATE	Sale of goods (finished or otherwise)	1
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	RELATIVE	Operating leases	42
ANTONIO HERNÁNDEZ CALLEJAS	ANTONIO HERNÁNDEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	48
ANTONIO HERNÁNDEZ CALLEJAS	LUIS HERNÁNDEZ GONZÁLEZ	RELATIVE	Dividends and other distributions	51
ALIMENTOS Y ACEITES, S.A.	---	---	Dividends and other distributions	9,086
FERNANDO CASTELLÓ CLEMENTE	---	---	Dividends and other distributions	1,315
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	---	---	Dividends and other distributions	2

Name of director or executive	Name of related party	Relationship	Type of transaction	Amount (thousand euros)
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	LA FUENTE SALADA, S.L.	CORPORATE	Dividends and other distributions	3,257
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	---	---	Dividends and other distributions	6,864
DEMETRIO CARCELLER ARCE	INVERSIONES LAS PARRAS DE CASTELLOTE, S.L.	CORPORATE	Dividends and other distributions	57
MARÍA CARCELLER ARCE	---	---	Dividends and other distributions	4
CORPORACIÓN FINANCIERA ALBA, S.A.	---	---	Dividends and other distributions	12,282

With regard to the transactions made with Instituto Hispánico del Arroz, S.A. and mentioned in this section C.3, the Directors Grupo Tradifín, S.L. and Hercalianz Investing Group, S.L. each own 50% of Instituto Hispánico del Arroz, S.A., with which the Ebro Foods Group habitually conducts commercial transactions on arm's length terms. The transactions made by the Ebro Foods Group with that company and its subsidiaries in 2019 have been reported in this section as made with the related party Hercalianz Investing Grupo, S.L. (Director), although they should also be considered related with the Director Grupo Tradifín, S.L. by virtue of its 50% interest in Instituto Hispánico del Arroz, S.A.

It should also be noted that during 2019 Ebro Foods, S.A. distributed a sum of 22 thousand euros as dividends to the executives listed in section C.1.14 of this Report.

D.4. Report any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which, by virtue of their object or terms, do not correspond to the normal business of the Company.

In any case, inform on any inter-company transaction with companies established in countries or territories considered tax havens:

Name of group company	Brief description of the transaction	Amount (thousand euros)
No details		N/A

Ebro Foods, S.A. has a 40% interest in Riso Scotti S.p.A., an associate consolidated by the equity method.

Riso Scotti S.p.A. is an Italian company with business activities similar to the objects of Ebro Foods, S.A.

The transactions made from 1 January to 31 December 2019 between companies in the Ebro Group and Riso Scotti (associate that is not part of the Ebro Group) are indicated below:

- Purchase of goods (finished or otherwise): 876 thousand euros

- Sale of goods (finished or otherwise): 1,439 thousand euros

- Services rendered (income): 3 thousand euros

- Dividends and other distributions (income): 1,400.

D.5. Report any significant transactions made between the company or group companies with other related parties that have not been reported in the preceding sections:

Name of related party	Brief description of the transaction	Amount (thousand euros)
FÉLIX HERNÁNDEZ CALLEJAS	Services rendered (income) between a subsidiary of the Ebro Foods Group and Hernández Barrera Servicios, S.A.	3
FÉLIX HERNÁNDEZ CALLEJAS	Services received (expense) between a subsidiary of the Ebro Foods Group and Hernández Barrera Servicios, S.A.	297

Hernández Barrera Servicios, S.A. is closely related to Félix Hernández Callejas, who represents the corporate director Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A.

D.6. Describe the mechanisms established to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or significant shareholders.

Apart from the powers of the General Meeting and the Board of Directors on conflicts of interest of the Directors, under Article 24 of the Regulations of the Board, the Audit and Compliance Committee has the power to settle any conflicts of interest that may arise between the company or the group and its Directors, executives, significant shareholders and listed subsidiaries, if any.

With regard to the Directors, Article 36 of the Regulations of the Board provides that Directors may not perform activities for their own or third party account that effectively or potentially compete with the Company or which otherwise puts them in a permanent conflict of interest with the company; and Article 37.1 establishes the obligation of Directors to take such measures as may be necessary to avoid situations in which their interests, for their own or third party account, may conflict with the corporate interests and their duties to the Company.

For this purpose, Article 38 of the Regulations of the Board stipulates that Directors shall inform the Board of any direct or indirect conflict of interest that they or any of their related parties may have with the Company. Furthermore, pursuant to Article 32.4 of the Regulations of the Board, Directors shall abstain from participating in the corresponding debates and voting on resolutions or decisions in which they or any person related to them has a direct or indirect conflict of interest, except in the cases in which they are authorised by law to participate in the discussion and voting.

Rule 13 of the current Internal Code of Market Conduct stipulates that any Relevant Persons (Directors, senior executives and their closely related parties) who are or may be in a conflict of interest shall:

(i) inform the Compliance Unit of their situation;

(ii) abstain from participating in or influencing any decisions on the matters affected by the conflict;

(iii) act with freedom of judgement, loyalty to the Company and its shareholders and independently of their own interests;

(iv) abstain from requesting or having access to any information or documentation related with the conflict of interest.

It also provides that the Audit and Compliance Committee, assisted by the Compliance Unit, shall make such decisions as may be necessary in respect of any conflicts of interest that may arise.

Every year, when preparing the Financial Reporting, annual accounts and Annual Corporate Governance Report, the Directors (and representatives of corporate directors) are asked for information on: (i) any transactions that they may have made with the Company and/or other companies in the Group (the same information is also requested of the significant shareholders of the company); (ii) possible conflicts of interest as per section 229 of the Corporate Enterprises Act directly or indirectly involving the director, its representative or related parties; and (iii) any other possible conflicts of interest.

D.7. Is more than one company of the Group listed in Spain?

[ ] Yes
[√] No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including tax risks:

As an integral part of the corporate policies passed by the Board, the Risk Management and Control Policy lays down the basic principles and the general framework for control and management of the business risks, including tax risks, and internal control of financial reporting to which Ebro Foods, S.A. and other companies in its Group are exposed.

Within this general framework, the integral, homogenous Risk Management and Control System is based on the preparation of a business risk map, through which, by pinpointing, assessing and grading of the risk management capacity, the risks are ranked from greater to lesser impact for the Group and by probability of occurrence. The risk map also identifies methods for mitigating or neutralising the risks detected.

The risk universe is structured in four main groups: compliance, operational, strategic and financial, and they are all subdivided into a large number of categories.

The risk classification process dynamically assesses both the inherent risk and the residual risk after application of the internal controls and action protocols established to mitigate them. These controls include preventive controls, adequate separation of duties, clear levels of authorisation and definition of policies and procedures. These controls can in turn be grouped into manual and automatic, made by data processing applications.

This model is both qualitative and quantitative and can be measured in the Group's results, for which purpose the risk level is considered acceptable or tolerable on a corporate level.

The Risk Management and Control System is dynamic, so the risks to be considered will vary according to the circumstances in which the Group's business is performed. There is currently a Plan under way to make a complete review of the business risks map, aimed especially at improving our adjustment to risks such as climate change, cybersecurity and the different changes required in our business models in the wake of the digital transformation. This work is expected to be concluded during 2020.

E.2. Name the corporate bodies responsible for preparing and implementing the Risk Management and Control System, including tax risks:

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

- The Board of Directors, as ultimately responsible, defines the policy for control and management of risks, including tax risks, and control of financial reporting. Article 17.3 of the Regulations of the Board provides that the Board shall receive information on the most important aspects of business management and any foreseeable risk situations for the Company and its subsidiaries, together with the actions proposed by the senior management in respect thereof.

- The Audit and Compliance Committee, through the Risks Committee, performs the duties of oversight and monitoring of the financial reporting and risk control systems, reporting regularly to the Board on any significant aspects arising in these areas. It is responsible for supervising and promoting internal control of the Group and the risk management systems and submitting recommendations to the Board on the risk control and management policy and possible mitigation measures in those areas.

- The Risks Committee, based on the policy established by the Board of Directors and under the supervision of and reporting to the Audit and Compliance Committee, is specifically responsible for coordinating and monitoring the system for management and control of risks, including tax risks, and control of the Group's financial reporting. The Risks Committee also analyses and assesses the risks associated with new investments.

- The Management Committees of the core business units of the Group, on which the Chairman of the Board and the Chief Operating Officer (COO) sit, assess the risks and decide on mitigation measures.

- Risk officers of the core business units of the Group. The Risks Committee designates individuals in the major subsidiaries to monitor the systems for management and control of risks (including tax risks) and financial reporting and report to the Committee.

- Internal Audit Department. Within the internal audits of the different subsidiaries, the Company's Internal Audit Department checks that the testing and control of the financial reporting and risk management systems have been performed adequately in accordance with the indications by the Risks Committee and Audit and Compliance Committee.

E.3. Define the main risks, including tax risks and, to the extent that they may be significant, those deriving from corruption (the latter within the scope of Royal Decree Law 18/2017), that could have a bearing on achievement of the company's business goals:

The main risks that might have a bearing on achievement of the business goals set by the Ebro Foods Group are listed below and explained in greater detail in Explanatory Note Three in section H of this Report.

A. OPERATIONAL RISKS:

- Food safety risk

- Commodity supply risk

- Market risk (prices) risk

- Customer concentration risk

- Technological risk

B. RISKS RELATED WITH THE ENVIRONMENT AND STRATEGY:

- Environmental risk

- Climate risk

- Competition risk

- Reputational risk

- Changes in lifestyle

- Country or market risk

- Natural disasters, fires

- Strategic planning and assessment of strategic opportunities for investment or divestment

C. COMPLIANCE RISKS:

- Sectoral regulatory risk

- General regulatory risk

- Tax risks

D. FINANCIAL RISKS:

- Foreign exchange risk

- Interest rate risk

- Liquidity risk

- Credit risk

E.4. State whether the company has a risk tolerance level, including one for tax risks:

Risks are measured by both inherent and residual risk.

A scorecard is made each year of the principal ten risks to which the Group may be exposed (the TOP TEN), which are rated and measured as far as possible. If the economic consequences of a risk could cause a loss (or a loss of profit) of more than 5% of the consolidated EBITDA budgeted, or over 20% of the individual EBITDA of a business, it is considered a threat requiring corporate action.

In general, the heads of the different business units (the Management Committee of each unit) define the risks affecting their respective businesses, assess the possible economic impact of those risks and, according to the specific circumstances prevailing, establish whatever mitigation measures they deem fit.

Without prejudice to the supervision by the Risks Committee and Audit Committee, the Management Committee of each unit implements and monitors the mitigation measures taken and assesses the results thereof.

This notwithstanding, when a threat is identified that requires action on a corporate level (as mentioned in the first paragraph above), the persons responsible for risk management and control in the corresponding unit inform the Risks Committee of the situation, proposing such mitigation measures as they may consider adequate. The Risks Committee assesses the situation and the sufficiency and suitability of the proposed mitigation measures, supplementing them with additional measures should it deem fit.

E.5. What risks, including tax risks, have occurred during the year?

The following risks occurred within the Ebro Group during 2019, further details of which are provided in Explanatory Note Four in Section H of this Report:

- Supply risks

- Country risk

- Competition / market risk

- Operations and logistics risk

E.6. Explain the response and supervision plans for the main risks, including tax risks, to which the company is exposed and the procedures followed to ensure that the board of directors provides solutions for any new challenges that may arise:

The management committee in each subsidiary is responsible for monitoring the subsidiary's risk supervision system. Management committees usually meet monthly to analyse any risks that may have materialised and follow up the contingency plans and actions taken to mitigate them. Control and monitoring of the economic variables in each subsidiary against the corresponding budget also ensures the immediate detection of unforeseen risk situations. The subsidiaries with greatest weight within the Group, such as the North American subsidiaries, have "Crisis Management Plans" (CMP), which specify the main risks to which the company is exposed, the protocols for responding to them and the company officers responsible for implementation.

This notwithstanding, when a threat is identified that requires action on a corporate level (see section E.4), the persons responsible for risk management and control in the corresponding unit must inform the Risks Committee of the situation, proposing such mitigation measures as may be considered adequate. The Risks Committee assesses the situation and the sufficiency and suitability of the proposed mitigation measures, supplementing them with additional measures should it deem fit. The Risks Committee reports regularly to the Audit and Compliance Committee on the actions taken and plans proposed and the latter in turn reports on all this to the Board of Directors.

The measures to control, reduce and, as the case may be, mitigate the risks are established according to the following basic criteria:

- They shall seek to neutralise the risk detected, maintaining coherence between the importance of the risk and the cost and means required to neutralise it.

- If neutralisation is not feasible, measures shall be designed to reduce the potential economic consequences, if possible to within tolerance levels.

- The management and control shall, as far as possible, forestall rather than remedy.

- The control mechanisms shall adequately separate management and oversight.

- The different people responsible for risk management shall coordinate their actions to be efficient, seeking the utmost integration between control systems.

- Maximum transparency shall be ensured in the identification and assessment of risks, specification and implementation of mitigation measures and assessment of the results of those measures.

- Compliance must be guaranteed with the requirements of internal reporting to the bodies responsible for supervision and control.

F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS FOR FINANCIAL REPORTING (ICFR)

Describe the mechanisms comprising the internal control over financial reporting (ICFR) of your company.

F.1. Control environment

Report on at least the following, describing their principal features:

F.1.1 What bodies and/or units are responsible for: (i) the existence and maintenance of an adequate and effective ICFR, (ii) its implementation and (iii) its oversight?

As established in its Regulations, the Board of Directors is ultimately responsible for the existence, maintenance and oversight of an adequate, effective internal control system for the company's financial reporting (ICFR).

The Audit and Compliance Committee is responsible for: (i) supervising and promoting the procedures and systems used to prepare and control the company's financial reporting; (ii) checking any public financial information; and (iii) ensuring implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems in relation to the financial reporting process.

The Management Committee is responsible for the design, implementation and functioning of the ICFR through the Group Finance Department and the Finance Departments of the different business units. The different general managements are responsible for effective implementation of these systems within their respective areas of activity. There are also officers responsible for the different processes documented within the ICFR, who must ensure that those processes are kept up to date, informing the Risks Committee, through the finance department and general management of the corresponding business unit, of any modifications or adaptations required.

The Risks Committee, reporting to the Audit and Compliance Committee, is specifically responsible for coordinating and monitoring the system for management and control of risks, including tax risks, and controlling the Group's financial reporting.

F.1.2 State whether the following elements exist, especially in respect of the financial reporting process:

· Departments and/or mechanisms responsible for: (i) designing and reviewing the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for adequately informing the company:

As established in its Regulations, the Board of Directors is responsible for defining the general strategy and guidelines for management of the Company and its Group and encouraging and supervising the actions taken by the senior officers, establishing an organisational structure that will guarantee the utmost efficiency of the senior management and the management team in general.

According to the Regulations of the Board, the Nomination and Remuneration Committee is responsible for checking the criteria followed regarding the composition and structure of the Board and for selecting candidates for the Board. It also nominates the Chairman, CEO or managing director(s) and Secretary of the Board and proposes the assignment of Directors to the different Board Committees.

In turn, under the policies approved by the Board, the Nomination and Remuneration Committee supervises the senior executive remuneration and incentives policy.

Within each group company, the organisational structure of the units participating in the preparation of financial reporting depends on several factors, such as the volume of operations or type of business, but in all cases it corresponds to the need to cover the main duties of recording, preparing, checking and reporting the operations performed and the economic and financial position of the company. The Executive Chairman, Chief Operating Officer (COO) and executives of the different business units of the Ebro Foods Group participate actively in the management committees of the Group's subsidiaries, thereby ensuring direct communication through the lines of responsibility and authority.

The senior management and the human resources departments of the Group and each of the Group subsidiaries are responsible for designing the organisational structure according to local needs. The most important subsidiaries have organisation charts that include a description of the duties and responsibilities of the main areas participating in the internal control of financial reporting.

The different job descriptions of positions and responsibilities are maintained by the Human Resources Department of each subsidiary and the management of all the subsidiaries, especially the financial management, are informed of any new member of a subsidiary.

· Code of conduct, body responsible for its approval, degree of publicity and instruction, principles and values included (stating whether there is any specific mention of the recording of transactions and preparation of financial reporting), body responsible for analysing default and proposing corrective measures and penalties:

The Code of Conduct of the Ebro Group, an update of the earlier Codes of Ethics and Conduct drawn up by the Ebro Foods Group in 2003, 2008 and 2012, was approved by the board on 25 November 2015 and all levels of the organisation were notified.

The Code of Conduct provides guidance on how to act in the Group's internal and external relationships, strengthening the values that distinguish us and establishing a basic reference to be followed by the Group.

The Code aims to:

- Be a formal, institutional reference for personal and professional conduct

- Guarantee the responsible, ethical behaviour of all the Group's professionals in their work

- Reduce the element of subjectivity in personal interpretations of moral and ethical principles

- Create a standardisation tool to guarantee progressive implementation throughout the Group of the ten principles of the UN Global Compact

- Grow responsibly and committed to all our stakeholders.

As established in the Code of Conduct, the Group assumes a principle of conduct based on transparent reporting, consisting of an undertaking to report reliable financial, accounting or other information to the markets. Accordingly, the company's internal and external financial reporting will give a true and fair view of its real economic, financial and equity situation according to generally accepted accounting principles.

Employees formally sign the Code of Conduct when they join the workforce of most Group companies and all new Group employees during the year were informed and given a copy of the Code.

The Code of Conduct is published in the Intranet, where it can be consulted by any employee, and on the Group's website.

The Audit and Compliance Committee is responsible for monitoring and controlling application of the Code. The Compliance Unit, which has sufficient initiative, autonomy and resources, is responsible, among other duties, for assisting the Audit and Compliance Committee in the supervision of compliance, publication and interpretation of the Code of Conduct.

Ebro Foods, through its Secretary, has an e-mail address to which any Group employee may send queries and suggestions regarding the interpretation of the Code of Conduct.

The Audit and Compliance Committee reports regularly to the Group's Board of Directors on any queries raised in respect of the interpretation and application of the Code of Conduct, how they have been solved and, where appropriate, the interpretation criteria followed.

The Code of Conduct provides that any violation or breach of the Code that is classified as a labour offence shall be penalised according to the labour laws, without prejudice to any other liability that the infringer may incur and the remedial measures that may be established by the different Group companies in pursuance of prevailing laws. On a Group level, the Audit and Compliance Committee, assisted by the Compliance Unit, shall receive reports of any violation of the Code of Conduct and act accordingly.

· Whistleblowing channel, through which the audit committee can be informed of any financial or accounting irregularities, any breaches of the code of conduct and any irregular activities within the organisation, indicating whether this channel is confidential:

As established in the Regulations of the Board, the Audit and Compliance Committee is formally responsible for implementing a confidential whistleblowing channel accessible to all Group employees and defining a protocol for prioritising, processing, investigating and settling reports according to their importance and nature, especially any concerning possible financial or accounting misrepresentations.

For this purpose, in its Code of Conduct the Ebro Group has established a whistleblowing channel, through which any irregular conduct in financial, accounting or other areas and any breach of the code of conduct can be reported confidentially.

Through that whistleblowing channel, therefore, any employees may report whatever conduct they may consider necessary and contact the Chairman of the Audit and Compliance Committee directly to inform on potential breaches. Access to that e-mail account, technologically protected to prevent any unauthorised access, is limited exclusively to the Chairman of the Audit and Compliance Committee who, as an Independent Director, has no relationship with the management structure of the Group.

The Audit and Compliance Committee guarantees the confidentiality of the reports handled, according to a confidentiality commitment signed by all those involved in handling the reports and other precautions included in the "Report Handling Protocol". That protocol, approved by the Audit and Compliance Committee in 2012, establishes the procedure to be followed on receiving reports, regarding their processing, prioritising, solving and notification.

· Training programmes and regular refresher courses for employees involved in the preparation and checking of financial information and evaluation by the ICFR, covering at least accounting and auditing standards, internal control and risk management:

The Ebro Group has a policy of making sure it has personnel with sufficient training and experience to perform the duties and responsibilities assigned to them. The Ebro employees involved in the preparation and checking of the financial information and ICFR appraisal participate in training and refresher courses regarding the laws and standards in place from time to time and good practices to guarantee the reliability of the financial information generated.

The Ebro Group also encourages and provides means and resources for its employees to keep their accounting knowledge up to date through the attendance of seminars, on-line information and other means, and regular meetings are held with the external auditors to assess in advance the standards in place or those about to enter into force.

During the year the Ebro Group has focused its training for personnel involved in the preparation and checking of financial information and ICFR appraisal on the following aspects:

- Accounting updates

- Management and control of costs for business decision-making

- Training in the tax laws in different countries

- Financial Reporting Internal Control System Manual

In addition, the external auditors of the Company and its Group regularly attend the meetings of the Audit and Compliance Committee to give training on the principal novelties in accounting and auditing, especially those that have or may have a greater effect on the Group's accounts.

F.2. Measurement of risks in financial reporting

Report at least on:

F.2.1 The main features of the risk identification process, including risks of error or fraud, in respect of:

· Whether the process exists and is documented:

Within the risk management and control policy approved by the Board, the financial reporting internal control system is supervised by the Audit and Compliance Committee, assisted by the Risks Committee and the Group Finance Department.

The potential risk events that could affect the organisation are identified and assessed through the financial reporting internal control system, pinpointing and assessing the risks corresponding to each line of business. Through this risk control and management system, the Ebro Group has drawn up a consolidated risk map by compiling and combining the risk maps of its major subsidiaries.

This process is coordinated by the Risks Committee, which manages and establishes the permitted tolerance to the risk and coordinates actions to align the measures addressing risks with the Group's global risk policy so that the exposure to risk assumed by the Ebro Group overall is known at all times.

Based on the results obtained, systems are devised for addressing risks and internal control, to keep the likelihood and impact of those risks on financial reporting within the tolerance levels, thereby providing reasonable certainty regarding achievement of the strategic business goals.

· Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations), whether it is updated and how often:

The Ebro Group has established a continuous improvement process to minimise the risks related with financial reporting by improving the design and effectiveness of existing controls.

For this purpose, it has a process identifying the risks affecting the reliability of financial reporting, based on and beginning with a definition of the scope, according to quantitative criteria of materiality in respect of the consolidated amounts and other qualitative criteria (error, fraud, uncommon transactions, etc.). Companies in the major business units or divisions that meet any of the afore-mentioned criteria and the material accounting items of each one are defined according to those criteria. Once the material items have been defined on a company level, the processes and sub-processes they affect are established, according to a relationship matrix.

For each of the sub-processes included within the scope, the inherent risks and the checks made by the responsible persons to mitigate those risks are identified, setting this information down in a Risks-Controls Matrix. Those risks take account of all the financial reporting objectives (existence and occurrence; integrity; measurement; presentation, breakdown and comparison; and rights and obligations).

The financial reporting risks are identified in the Ebro Group's Risks-Controls Matrix and updated to take account of any changes in the scope of consolidation of the Group or development of its business and their reflection in the financial statements, making a comparative analysis every year of the variations in material processes and sub-processes to establish any risks that have not been previously identified.

· The existence of a process for defining the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, base companies or special purpose vehicles:

The Ebro Group has a process based on internal regulations that guarantees the correct identification of the scope of consolidation through an adequate separation of duties in the requesting, authorising, reporting and recording of any operation entailing the incorporation, merger, division, acquisition or sale of companies and any other corporate operation, directly involving the Legal Department and the Board of Directors.

This process considers the possible existence of complex corporate structures, base companies or special purpose vehicles, among other means by establishing an adequate structure to separate the duties of requesting, authorising and reporting for any corporate operation within the Group. No transactions or complex corporate structures that might entail off-balance sheet transactions that should be recorded within the reporting period were identified this year.

· Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) insofar as they affect the financial statements:

The Risk Management and Control System of the Ebro Group is designed to identify potential risk events that might affect the organisation. At present there are four types of risks: Operating, Compliance, Strategic and Financial, and the conclusions are taken into account insofar as the risks may affect financial reporting. For this purpose, the Risks Committee acts as a unit of coordination and interrelation of the effect of the risks detected on the different areas (management, business, financial reporting, legal, reputational etc. risks).

· Which governing body of the company supervises the process:

While the Board has the power, which it may not delegate, to determine the policy for control and management of risks, including tax risks, and supervision of the internal control and reporting systems, the Audit and Compliance Committee is responsible for supervising and promoting the procedures and systems used to prepare and control the Company and Group financial reporting, and controlling the implementation of and compliance with the risk management and control systems, both in general and in respect of the financial reporting process.

F.3. Control activities

Inform whether the company has at least the following, describing their main features:

F.3.1 Procedures for checking and authorising financial information to be published on the stock markets and description of the ICFR, indicating who is responsible for these tasks, and documentation describing the flows of activities and controls (including those checking for the risk of fraud) in the different types of transactions that may have a material effect on the financial statements, including the procedure for closing of accounts and the specific review of judgements, estimates, valuations and significant projections

The priorities established within the Ebro Group include the quality and reliability of the financial information, both internal information for decision-making and external information published for the markets. The information to be provided by the different units is requested by the Group financial department, paying special attention to the processes of closing the accounts, consolidation, measurement of intangibles and areas subject to judgement and estimates.

The Ebro Group has procedures for checking and authorising the financial information and description of the ICFR, responsibility for which corresponds to the Financial Department, the Risks Committee, the Audit and Compliance Committee and the Board of Directors.

The Audit and Compliance Committee checks and analyses the financial statements and any other important financial information, as well as the principal judgements, estimates and projections included and discusses them with the corporate financial department and the internal and external auditors to confirm that the information is complete and the principles applied are consistent with those of the previous full-year accounts.

The procedure for checking and authorising the financial information corresponds to the Group financial department, based on the information checked and validated by the different units. The Audit and Compliance Committee supervises this information to be published on the market and it is approved by the Board of Directors.

The Group has implemented a process to enhance the quality and quantity of documentation and make the generation of financial information and its subsequent supervision more effective and efficient.

The significant processes involved in the generation of the Group financial reporting are documented based on the COSO internal control model. The main processes documented are:

- Closing of Financial Statements and Reporting

- Consolidation

- Sales and Receivables

- Purchases and Payables

- Fixed Assets

- Inventories

- Payroll

The documentation outline is extended progressively, according to the materiality and the general criteria established in the Group's financial reporting internal control system.

The persons responsible for each of the documented processes in each subsidiary have been identified. They are responsible for keeping those processes up to date on an annual basis, reporting any modifications or adaptations to the Risks Committee through the Group's financial department.

Process documentation includes details of the flows and transactions and the financial reporting objectives and controls established to ensure they are met. It also contemplates the risks of error and/or fraud that might affect the financial reporting objectives. The documentation of flows of activities and controls that may have a material effect on the financial statements, including the accounts closing procedure, includes the preparation of narratives on the processes, flow charts and risk and control matrices. The controls identified are both preventive and detective, manual or automatic, describing also their frequency and associated information systems.

F.3.2 Internal control procedures and policies for the IT systems (including access security, track changes, operation, operating continuity and separation of duties) used for the significant processes of the company in the preparation and publication of financial information

The Group has rules for managing financial information security. Those rules are applicable to the systems used to generate financial information and the IT Department is responsible for defining and proposing the security policies.

Within its policies and infrastructure management the Ebro Group has procedures to secure each of the following points:

i) Both physical and logical access are controlled to ensure that only authorised internal and external personnel can access the Ebro centres and systems. Ebro has several Data Centres, the main one in Spain where the company's critical systems are housed. The major subsidiaries also have local data centres. They all have their own infrastructure to guarantee adequate control of access to the installations. In small subsidiaries, the general rule is to have external service providers to provide that security. When external service providers are used, the Ebro Group makes internal audits of the information systems and their architecture, including the security aspect.

Logical access control is secured with efficient management of access to our systems, whether internal or external, and through a user management coordinated with the human resources department and the company's group of managers. Ebro has user access control systems and workflow tools to guarantee inter-departmental integration and efficient updating of user status, regularly identifying those who no longer access the systems. Ebro Foods has implemented a system to control the separation of duties and access to critical functions of the SAP GRC SoD system in certain subsidiaries - currently in

Riviana Foods Inc and Catelli Foods, and there is a plan to extend this implementation to the other major subsidiaries. Its implementation programme contemplates extension to all the important subsidiaries of the Ebro Foods Group.

External access is guaranteed through specific users and controlled management. The necessary elements have also been provided on a network level to ensure that only authorised users and processes have access from outside.

ii) The larger subsidiaries mainly use the ERP SAP system. In all those cases, Ebro has procedures underpinned by systems that systematically filter, assess, manage the life cycle and inform on production changes after acceptance by specific users and impact analysis in the systems currently used in production.

iii) The separation of duties is underpinned by the use of roles by groups of users, which allow access only to the information and transactions previously approved by the organisation. The modification or creation of new roles is backed by the same procedure that guarantees management of the user life cycle and is applicable to the major companies of the Ebro Group. Special attention is paid to separation in IT support processes to make sure that the tasks of development, sending to production and administration of the system are duly separated. In addition, as mentioned above, Ebro Foods has implemented the SAP GRC SoD system throughout the Group for the IT Department and is in the process of rolling it out in all subsidiaries, ensuring adequate access control, separation of duties, anti-fraud elements within ERP and mitigating measures where necessary.

iv) Ebro has internal tools which, combined with the user support departments and systems (Help Desks), guarantee the management and traceability of any incidents in the IT systems. Programme changes are managed within that system, which is based on best practices and management following the ITIL methods.

The critical information systems are always housed in our data centres and there are individuals assigned to each one who are responsible for proactive monitoring of the automatic processes and proactive assessment of the yield and functioning of the systems.

Ebro has global contracts with security control tool providers, which guarantee the installation of such tools in all the computer and data processing equipment used in the company.

v) Ebro Foods has a cybersecurity policy based on several fundamental pillars for the security of our systems. This includes endpoint security, of both users and servicers, identity security -especially important in view of the increasingly more common cloud migration strategies-, perimeter security for access to our network and data security. Ebro Foods uses the leading tools available on the market and procedures based on best practices to minimise the risk in each of these areas.

vi) Ebro has tools to guarantee the continuity of business support by its IT systems in the event of a fatal error or system crash. There are backup systems and policies in its data centres that guarantee access to information and systems in case of a crash. The use of tape or disk backups and replicating the information in several computers with subsequent triangular distribution are habitual procedures for making incremental or complete backup copies. The current systems allow recovery of the information up to the specific time of the fatal error or system crash.

F.3.3 Internal control procedures and policies to oversee the management of outsourced activities and any aspects of valuation, calculation or measurement commissioned to independent experts, which may have a material impact on the financial statements

In general, the Ebro Group manages all activities that may have a material impact on the reliability of the financial statements, using internal resources to avoid outsourcing. There are very few outsourced activities and the procedures and controls of those activities are regulated in the contracts signed with the service providers in question.

The valuation, calculation or measurement activities commissioned by the Ebro Group to independent experts are mainly concerned with the appraisal of properties, actuarial studies of employee benefits and impairment testing of intangibles.

Only service providers of internationally recognised standing are used for these valuation reports, making sure that they are not affected by any circumstance or event that could compromise their independence.

The reports obtained from these firms are submitted to internal review to check that the most significant assumptions and hypotheses used are correct and that they comply with the International Valuation Standards (IVS) and International Financial Reporting Standards (IFRS). Furthermore, the valuation processes and the hypotheses and assumptions used by independent experts are reported to and considered by the external auditors of the Company and its Group.

F.4. Information and communication

Inform whether the company has at least the following, describing their main features:

F.4.1 A specific department responsible for defining the accounting policies and keeping them up to date (accounting policy department or division) and solving queries or conflicts deriving from their interpretation, maintaining fluent communication with those responsible for operations in the organisation, as well as an updated accounting policy manual distributed among the units through which the company operates

The Ebro Group has adequate procedures and mechanisms to inform the employees involved in the preparation of financial information on the applicable criteria and the IT systems used in that preparation. This is done through the Management Control Unit and the Corporate Financial Department, whose powers include the following, among others:

- Define, administer, update and report on the Group's accounting policies, in compliance with the applicable accounting standards and rules of consolidation for the preparation and presentation of financial information to be disclosed.

- Prepare, update and report on the Accounting Policy Manual to be applied by all financial units in the Group. This manual is updated regularly.

- Settle any queries or conflicts regarding the interpretation and application of the accounting policies, maintaining fluent communication with those responsible for these operations in the organisation.

- Define and create templates, formats and criteria to be used for preparing and reporting the financial information. All financial information distributed on the markets is prepared by consolidating the reports of the different business units, prepared using mechanisms for data input, preparation and presentation that are homogenous for the entire Group. These mechanisms are designed to enable compliance with the standards applicable to the principal financial statements, including accounting criteria, valuation rules and presentation formats, and embrace not only the balance sheet, profit and loss account, statement of changes in equity and statement of cash flows, but also the obtaining of other information that is necessary to prepare the notes to the financial statements.

F.4.2 Mechanisms for collecting and preparing financial information with homogenous formats, applied and used by all business units in the company or group, valid for the main financial statements and notes, and the information given on the ICFR

The Group's financial information is prepared using a process of aggregating separate financial statements at source for subsequent consolidation according to the applicable accounting and consolidation standards, to obtain the consolidated financial information to be presented monthly to the Board and published periodically on the markets.

The process of aggregation and consolidation of the Group's financial statements is based on homogenous, common format templates that include different tables and reports to be completed. They also have automatic internal controls to check the integrity and reasonability of the data input.

These templates are validated each month by a financial manager in each subsidiary before sending them for checking and consolidation. To complete the automatic checks, those data and the estimation, valuation and calculation principles used to obtain them, as well as the accounts closing procedure, are checked by the financial manager at each level of aggregation and consolidation until the Ebro Group consolidated financial information is obtained, prepared and checked by the corporate financial department.

The Ebro Group has established a reporting system for the Financial Reporting Internal Control System, which is available in the Group for all the subsidiaries included within the scope of the ICFR. Through that reporting, the parent coordinates maintenance of the system in the rest of the subsidiaries annually through the assignment of persons responsible for their maintenance and updating in the event of any significant change to be taken into consideration in the documentation. Finally, if any weaknesses are detected in the financial reporting internal control system, the subsidiaries are notified of the necessary action plans and they are monitored by the parent.

F.5. Supervision of the functioning of the system

Inform on at least the following, describing their main features:

F.5.1 The ICFR supervisory activities performed by the audit committee and whether the company has an internal audit department responsible, among its duties, for assisting the committee in its supervision of the internal control system, including the financial reporting internal control system (ICFR). Inform also on the scope of the ICFR appraisal made during the year and the procedure through which the department or body responsible for the appraisal informs on the outcome, whether the company has an action plan defining any possible corrective measures and whether their impact on the financial information has been considered

The Board of Directors is ultimately responsible for the existence, maintenance and supervision of an adequate, effective internal control system for the financial reporting. Among the duties defined in the Regulations of the Board, the Audit and Compliance Committee assists and supports the Board in its supervision of the accounting and financial information, the internal and external audit services and corporate governance.

The Audit and Compliance Committee, assisted by the Risks Committee, must see that the internal audit procedures, the internal control systems in general, including the risk management control system and, in particular, the financial reporting internal control system, are adequate.

The Audit and Compliance Committee also ensures that the external auditor and Internal Audit Manager are selected on the basis of objective, professional qualifications, guaranteeing their independence in the performance of their duties; reports to the board on any related party transactions submitted for its consideration; controls any possible conflicts of interest; and, in general, makes sure that all the company's information and reporting, particularly financial, complies with the principle of truth and maximum transparency for shareholders and markets.

The Risks Committee, as the central control system, monitors adequate fulfilment by the risk officers of the respective units of the following duties: (i) monitoring, updating and review of the business risks map and the different financial reporting processes; (ii) compliance with the reporting protocols for business risks and financial information; (iii) assessment of the measures for mitigating and controlling any risks detected, and (iv) assessment of the effectiveness of the systems and controls by implementing the test processes indicated by the Risks Committee, assisted by the heads of the different units and, where necessary, external advisers. The Risks Committee, based on the policy established by the Board and supervised by and reporting to the Audit Committee, is specifically responsible for coordinating and monitoring the system for management and control of risks, including tax risks, and checking the Group's financial information.

Within the business risks control and the financial reporting internal control system, the Internal Audit Department makes sure that the testing and control of risk management and financial reporting systems have been done properly, within the internal audits carried out on different subsidiaries during the year, under the Internal Audit Plan.

The Internal Audit Department has submitted its annual working plan to the Audit and Compliance Committee and reported directly to said committee on any incidents detected in the performance of that work, proposing the corresponding action plan defining any necessary corrective measures; and at the end of each year, it has submitted an activity report.

The results of audits made by the Internal Audit Department and any incidents detected by the Risks Committee have been reported to the Audit and Compliance Committee. Moreover, the action plan devised for remedying those incidents has been sent to both the person responsible for remedying them and the Audit and Compliance Committee.

F.5.2 Inform on whether the company has a discussion procedure whereby the auditor (according to the provisions of the auditing standards), the internal audit department and other experts can inform the senior management and audit committee or company directors of any significant weaknesses detected in internal control during the auditing or checking of the annual accounts or any other processes commissioned to them. Indicate also whether the company has an action plan to remedy or mitigate the weaknesses observed

The Audit and Compliance Committee has a stable, professional relationship with the external auditors of the principal companies in its group, strictly respecting their independence. That relationship favours communication and discussion of any internal control weaknesses pinpointed during the auditing of annual accounts or any other audit work commissioned to them.

In this regard, the Audit and Compliance Committee receives information from the external auditor at least every six months on the audit plan and outcome of its implementation, and checks that the senior management heeds the auditor's recommendations.

In addition, as established in the Regulations of the Board, it is responsible for overseeing the Internal Audit Services, examining the financial reporting process and internal control systems.

During 2019, the External Auditor and Manager of the Internal Audit Department each attended 5 meetings of the Audit and Compliance Committee.

F.6. Other significant information

N/A

F.7. External auditor's report

Inform on:

F.7.1 Whether the ICFR information sent to the markets was checked by the external auditor, in which case the company should include the corresponding report in an annex. If not, explain why not.

The report issued by the external auditor is appended hereto.

G. EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with the recommendations of the Good Governance Code for Listed Companies.

If any recommendation is not followed or is only partly followed, include a detailed explanation of the reasons so that shareholders, investors and the market in general have sufficient information to assess the company's actions. General explanations are not acceptable.

1. The articles of association of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.

   Complies [X]   Explanation [ ]

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:

   a) The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies.

   b) The mechanisms in place to solve any conflicts of interest.

   Complies [ ]   Partial compliance [ ]   Explanation [ ]   Not applicable [X]

3. During the annual general meeting, to supplement the written distribution of the annual corporate governance report, the chairman of the board should inform the shareholders orally, in sufficient detail, of the most important aspects of the company's corporate governance, especially:

   a) Any changes made since the previous annual general meeting.

   b) The specific reasons why the company does not follow any of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

   Complies [X]   Partial compliance [ ]   Explanation [ ]

4. The company should define and promote a policy of communication and contacts with shareholder, institutional investors and proxy advisors that fully respects the laws against market abuse and gives similar treatment to shareholders who are in the same position.

   And the company should publish that policy on its website, including information on how it has been implemented, naming those responsible for such implementation.

   Complies [X]   Partial compliance [ ]   Explanation [ ]

5. The board should not table a motion at the general meeting for delegating powers to issue shares or convertible securities excluding the preferential subscription right in a sum of more than 20% of the capital at the time of the delegation.

And when the board approves an issue of shares or convertible securities excluding the preferential subscription right, the company should immediately publish on its website the reports on that exclusion required by commercial law.

Complies [X]   Partial compliance [ ]   Explanation [ ]

6. Listed companies that prepare the following reports, whether mandatory or voluntary, should publish them on their websites sufficiently in advance of the annual general meeting even though that publication is not compulsory:

a) Report on the independence of the auditor

b) Reports on the functioning of the audit committee and the nomination and remuneration committee

c) Report by the audit committee on related party transactions

d) Report on the corporate social responsibility policy.

Complies [ ]   Partial compliance [X]   Explanation [ ]

All the sections of this Recommendation are met, except (c).

The Audit and Compliance Committee checks that all the related party transactions with significant shareholders, directors, representatives of corporate directors and other related parties have been made on arm's length terms, at market prices, transparently, fairly and reasonably, and always in the interests of the Ebro Foods Group, and issues a report to the Board in favour of their approval.

However, after studying this Recommendation the Company does not consider it convenient to publish the contents of that report because it contains sensitive commercial information that is confidential for the Group in respect of its rivals.

7. The company should broadcast general meetings live, through its website.

Complies [ ]   Explanation [X]

General Meetings of shareholders of Ebro Foods S.A. are not broadcast live through the corporate website owing to the size and capitalisation of the Company.

Furthermore, considering the little use made of the technical means intended to increase shareholders' participation at general meetings (such as the shareholders' forum or electronic voting and proxies) and the ample quorum at general meetings (80.7053% at the last AGM held on 4 June 2019), the Company considers it unnecessary at present to invest economic resources in the live broadcasting of general meetings.

All information on what happens at the general meeting is subsequently published in Spanish and English on the corporate website, where it is fully available, downloadable and easy to access, with no limitations or restrictions of any nature.

The Company has studied this Recommendation and for the time being does not contemplate live broadcasting of the AGM to be held in 2020, considering that its general meetings comply with the principles of transparency and adequate information recommended by the Code of Good Governance.

8. The audit committee should make sure that the board endeavours to avoid a qualified auditor's report on the accounts laid before the general meeting, and in exceptional circumstances when such qualifications exist, both the chairman of the audit committee and the auditors should clearly explain to the shareholders their content and scope.

Complies [X]   Partial compliance [ ]   Explanation [ ]

9. The company should publish permanently on its website the requirements and procedures it will accept as proof of ownership of shares, right to attend the general meeting and exercise or delegation of shareholders' voting right.

And those requirements and procedures should favour the attendance and exercise by shareholders of their rights, not being in any way discriminatory.

Complies [X] Partial compliance [ ] Explanation [ ]

10. If a legitimate shareholder has exercised their right, prior to the general meeting, to supplement the agenda or submit new proposed resolutions, the company should:

a) Immediately distribute those supplementary items and new proposed resolutions.

b) Publish the model attendance card or proxy form or postal/electronic voting form with the necessary modifications to enable voting on the new items on the agenda and alternative proposed resolutions on the same terms as those proposed by the board of directors.

c) Put all these items or alternative proposals to the vote and apply the same voting rules as those applicable to the proposals by the board, including in particular the presumptions or deductions regarding votes.

d) After the general meeting, report the details of the voting on those supplementary items or alternative proposals.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

11. If the company plans to pay attendance fees for general meetings, it should establish in advance a general policy on those fees and that policy should be stable.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

12. The board should perform its duties with unity of purpose and independence of judgement, give the same treatment to all shareholders in the same position and be guided by the company's interests, namely the achievement of a profitable business sustainable in the long term, promote its continuity and maximise the economic value of the company.

And in its search for the company's interests, apart from respecting the laws and regulations and acting in good faith, ethically and with respect for generally accepted use and good practice, it should endeavour to reconcile the corporate interests with the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, as the case may be, and the impact of the company's activities on the community and environment.

Complies [X] Partial compliance [ ] Explanation [ ]

13. The board should have the necessary size to operate effectively, with participation. The recommended size is between five and fifteen members.

Complies [X] Explanation [ ]

14. The board should approve a policy for selecting directors which:

    a) Is specific and verifiable.

    b) Ensures that nominations or proposals for re-election are based on a prior analysis of the board's needs.

    c) Favours the diversity of expertise, experience and gender.

The results of the prior analysis of the board's needs should be set out in the report by the nomination committee published when calling the general meeting at which the ratification, appointment or re-election of each director is proposed.

And the policy for selecting directors should promote the target that the number of female directors on the board should be equivalent to at least 30% of the total members of the board by 2020.

The nomination committee shall check compliance with the policy for selecting directors annually and inform on its conclusions in the annual corporate governance report.

Complies [X] Partial compliance [ ] Explanation [ ]

15. The proprietary and independent directors represent an ample majority of the board and the number of executive directors is the minimum necessary, taking account of the complexity of the corporate group and the percentage stake held by the executive directors in the company's capital.

Complies [X] Partial compliance [ ] Explanation [ ]

16. The ratio of proprietary directors to total non-executive directors should not be greater than the ratio of capital represented by those directors to the rest of the capital.

This may be eased:

    a) In companies with a high capitalisation, in which shareholdings legally considered significant are scarce.

    b) In companies with a plurality of unrelated shareholders represented on the board.

Complies [X] Explanation [ ]

17. The number of independent directors should represent at least one-half of the total directors.

This notwithstanding, if the company does not have a large capitalisation or if it has a high level of capitalisation but has one shareholder, or several acting in concert, that controls more than 30% of the capital, the number of independent directors should represent at least one-third of the total directors.

Complies [ ] Explanation [X]

The number of independent directors (4) is considerably lower than one-third (4.3) of the total Board members (13) recommended for companies which, like Ebro Foods, S.A., are not high-cap.

It should be borne in mind in this regard that the percentage of capital represented on the Board is 70.848%.

18. Companies should publish on their websites and keep up to date the following information on their directors:

a) Professional and biographic profile

b) Other directorships held, in listed or unlisted companies, and other remunerated activities performed, of whatsoever nature

c) Indication of the category of director, indicating for proprietary directors the shareholder they represent or with which they are related

d) Date of first appointment as director of the company and subsequent re-elections

e) Shares and stock options held in the company

Complies [ ] Partial compliance [X] Explanation [ ]

All the sections of this Recommendation are met, except (b).

Although there is no specific section on the corporate website containing the information contemplated in paragraph (b), information on the Directors of Ebro Foods, S.A., including directorships held in listed companies and positions and activities performed, remunerated or otherwise, in companies engaged in similar or identical activities as Ebro Foods, is set out in the annual accounts and corporate governance report each year published in the corresponding sections of the website.

After studying this Recommendation, the Company considers that it informs on the directorships held in listed companies and positions and activities performed, remunerated or otherwise, in companies engaged in similar or identical activities as Ebro Foods, S.A. in sufficient detail to comply with the transparency in reporting sought by the Code of Good Governance.

19. Once checked by the nomination committee, the annual corporate governance report should include an explanation of the reasons why proprietary directors have been appointed at the request of shareholders with an interest of less than 3% in the capital, as well as the reasons, if appropriate, for not meeting formal requests for presence on the board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

20. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

21. The board should not propose the removal of any independent director before the end of the period for which they were appointed, unless there are just grounds for doing so, as appreciated by the board subject to a report by the nomination committee. In particular, just grounds are deemed to exist when the director takes up new positions or contracts new obligations preventing them from dedicating the necessary time to performance of their duties on the board, or if they breach their duties or any circumstances arise by virtue of which they would no longer be considered independent, according to the applicable legal provisions.

The removal of independent directors may also be proposed following takeover bids, mergers or other similar corporate operations entailing a change in the ownership structure of the company, when changes in the structure of the board are required by the principle of proportionality contemplated in Recommendation 16.

Complies [X] Explanation [ ]

22. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's credit and reputation. In particular, directors should be obliged to inform the board of any criminal proceedings brought against them and the subsequent development of the proceedings.

If a director is prosecuted or tried for any of the offences contemplated in company law, the board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.

Complies [X]   Partial compliance [   ]   Explanation [   ]

23. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the board.

And when the board adopts significant or reiterated decisions about which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if they opt to resign, explain the reasons in the letter contemplated in the following recommendation.

This recommendation also affects the secretary of the board, even if they are not a director.

Complies [   ]   Partial compliance [   ]   Explanation [   ]   Not applicable [X]

24. If a director resigns or retires from office on whatsoever grounds before the end of their term of office, they should explain the reasons in a letter sent to all the board members. Regardless of whether the retirement is announced as a regulatory disclosure, the reason shall be stated in the Annual Corporate Governance Report.

Complies [X]   Partial compliance [   ]   Explanation [   ]   Not applicable [   ]

25. The nomination committee should make sure that non-executive directors have sufficiently availability to perform their duties correctly.

And the regulations of the board should stipulate the maximum number of directorships that may be held by its directors.

Complies [   ]   Partial compliance [X]   Explanation [   ]

Although the Regulations of the Board do not stipulate a maximum number of directorships that may be held by the Directors of Ebro Foods, S.A., it does impose on the Directors the obligation to dedicate to the Company such attention and time as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the company (Article 32 of the Regulations of the Board, "General duties of Directors").

Moreover, the Policy for Selection of Directors and Diversity in the Composition of the Board of Directors stipulates within "Conditions to be met by candidates" that candidates must have sufficient availability to be able to duly perform their duties. This point is confirmed by the Committee with the candidates before submitting any proposal to the Board of Directors.

After studying this Recommendation, the Company considers that the principles pursued by the Code of Good Governance in this respect are met with the obligation regarding dedication imposed in Article 32 of the Regulations of the Board and the Policy for Selection of Directors and Diversity in the Composition of the Board of Directors. It considers this a complex issue and believes that it is not necessary to establish a maximum number of directorships that may be held by the Directors in order to achieve this.

26. The board should meet as often as may be necessary to secure efficient performance of its duties, and at least eight times a year, following the calendar and business established at the beginning of the year, although any director may individually propose additional items to be included on the agenda.

Complies [X] Partial compliance [ ] Explanation [ ]

27. Non-attendance of board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to miss a board meeting, a proxy should be granted with the appropriate instructions.

Complies [X] Partial compliance [ ] Explanation [ ]

28. When the directors or the secretary express concern over a proposal, or, in the case of directors, the company's performance, and those concerns are not settled by the board, they should be put on record in the minutes, at the request of those expressing them.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

29. The company should establish adequate channels for directors to obtain any counselling they may need to perform their duties, including, should circumstances so require, external counselling at the company's expense.

Complies [X] Partial compliance [ ] Explanation [ ]

30. Regardless of the expertise required of directors to perform their duties, companies should also offer their directors refresher courses in the appropriate circumstances.

Complies [X] Explanation [ ] Not applicable [ ]

31. The agenda for meetings should clearly indicate the items on which the board is called upon to adopt a decision or resolution, so that the directors can study or obtain in advance the information they may need.

In exceptional cases, for reasons of urgency, the chairman may submit decisions or resolutions not included on the agenda for approval by the board. The prior, express consent of most of the directors present will be necessary for this, leaving due record in the minutes.

Complies [X] Partial compliance [ ] Explanation [ ]

32. Directors shall be regularly informed on any changes in the ownership of the company and the opinion held by the significant shareholders, investors and ratings agencies of the company and its group.

Complies [X] Partial compliance [ ] Explanation [ ]

33. Being responsible for the efficient procedure of the board of directors, apart from performing the duties assigned by law and in the articles of association, the chairman should prepare and submit to the board a schedule of dates and business to be transacted; organise and coordinate the periodical assessment of the board and chief executive, if any, of the company; be responsible for managing the board and for its efficient operation; make sure sufficient time is allotted to the discussion of strategic issues; and resolve and review refresher programmes for each director whenever circumstances so require.

Complies [X]   Partial compliance [ ]   Explanation [ ]

34. When there is a lead independent director, the articles of association or regulations of the board should assign the following powers, apart from those corresponding to them by law: preside over board meetings in the absence of the chairman and vice-chairmen, if any; echo the concerns of non-executive directors; hold contacts with investors and shareholders to find out their points of view and form an opinion on their concerns, particularly regarding the corporate governance of the company; and coordinate the plan for succession of the chairman.

Complies [ ]   Partial compliance [ ]   Explanation [X]   Not applicable [ ]

Although the Articles of Association and Regulations of the Board do not expressly assign to the Lead Independent Director the powers contemplated in this Recommendation, said Director is entirely free to exercise them.

The Articles of Association and Regulations of the Board do not establish any limit on the exercise of those powers by the Lead Independent Director or any other Director.

After studying this Recommendation, the Company considers that the fact that any Director, not only the Lead Independent Director, may exercise the powers contemplated in this Recommendation, together with the ample majority on Non-Executive Directors on the Board of Directors, this is sufficient to avoid any concentration of powers in the Executive Chairman, as sought by the Code of Good Governance.

35. The secretary of the board should especially ensure that the actions and decisions of the board follow the recommendations on good governance contained in the Code of Good Governance that are applicable to the company.

Complies [X]   Explanation [ ]

36. The full board should assess once a year and, where necessary, adopt an action plan to correct any deficiencies detected in respect of:

a) The quality and effectiveness of the board’s actions.

b) The procedure and composition of its committees.

c) Diversity in the composition and powers of the board.

d) The performance by the chairman of the board and chief executive officer of their respective duties.

e) The performance and contribution of each director, paying special attention to the heads of the different board committees.

The different committees should be assessed based on the reports they submit to the Board and the Board will be assessed on the basis of the report it submits to the nomination committee.

Every three years, the board will be assisted in this assessment by an external consultant, whose independence shall be checked by the nomination committee.

The business relations that the consultant or any company in its group has with the company or any company in its group should be described in the Annual Corporate Governance Report.

The process and areas assessed should also be described in the Annual Corporate Governance Report.

Complies [X]   Partial compliance [ ]   Explanation [ ]

37. When there is an executive committee, the balance between the different types of director should roughly mirror that of the board and its secretary should be the secretary of the board.

Complies [X]   Partial compliance [ ]   Explanation [ ]   Not applicable [ ]

38. The board should be informed at all times of the business transacted and decisions made by the executive committee and all board members should receive a copy of the minutes of executive committee meetings.

Complies [X]   Partial compliance [ ]   Explanation [ ]   Not applicable [ ]

39. The members of the audit committee, especially its chairman, should be appointed on account of their expertise and experience in accounting, auditing or risk management, and the majority of those members should be independent directors.

Complies [X]   Partial compliance [ ]   Explanation [ ]

40. Under the supervision of the audit committee, there should be an internal audit unit to see that the internal control and reporting systems work properly. This unit should report to the non-executive chairman of the board or the chairman of the audit committee.

Complies [X]   Partial compliance [ ]   Explanation [ ]

41. The head of the internal audit unit should submit its annual work programme to the Audit Committee, report directly any incidents that may arise during its fulfilment and submit an activity report at the end of each year.

Complies [ ]   Partial compliance [X]   Explanation [ ]   Not applicable [ ]

42. The audit committee should have the following duties, in addition to those contemplated in law:

1. In connection with the internal control and reporting systems:

a) Supervise the preparation and integrity of the company's, and where appropriate the group's, financial reporting, checking compliance with the legal requirements, adequate definition of the scope of consolidation and correct application of accounting principles.

b) Oversee the independence of the internal audit unit; propose the selection, appointment, re-appointment and removal of the internal audit manager; propose the budget for this unit; approve its approach and working plans, making sure its activity focuses mainly on the material risks of the company; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.

c) Establish and supervise a mechanism through which employees can confidentially and, if possible and where appropriate, anonymously report any potentially important irregularities they observe within the company, particularly in financial and accounting aspects.

2. In connection with the external auditors:

a) Investigate the circumstances giving rise to resignation of any external auditor.

b) Ensure that the remuneration of the external auditors for their work does not jeopardise their quality or independence.

c) See that the company reports the change of auditor to the CNMV in a regulatory disclosure, attaching a declaration on the possible existence of disagreements with the outgoing auditor and the contents of those disagreements, if any.

d) Make sure that the external auditors hold an annual meeting with the full board to inform on the work done and the evolution of the company's risks and accounting situation.

e) Ensure that the company and external auditors respect the provisions in place on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, any other provisions regarding the independence of auditors.

Complies [ ] Partial compliance [X] Explanation [ ]

The Company complies with all of this Recommendation except for paragraph 2 (d).

The Audit and Compliance Committee is responsible for maintaining relations with the external auditors, receiving information and exchanging all the necessary communications with them. The external auditors attend Committee meetings whenever this is necessary in view of the business included on the agenda.

The Audit and Compliance Committee provides timely information to the Board on the contents of all the meetings held, including those attended by the external auditors. The Board is thus informed in a timely manner of all business transacted by the Committee, particularly the work done by the external auditors and the Company's relations with them.

This notwithstanding, the external auditors attend Board meetings if this is considered appropriate by the Audit and Compliance Committee, the Board of Directors or any member of the Board.

The Company considers that the Audit and Compliance Committee makes sure that the Board receives all the necessary information regarding the work of and relations with the external auditors.

43. The audit committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies [X] Partial compliance [ ] Explanation [ ]

44. The audit committee should be informed on any corporate and structural operations that the company plans to make, so that it can analyse them and submit a preliminary report to the board on the economic terms and impact on accounts, and particularly on the exchange ratio proposed, if any.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

45. The risk management and control policy should identify at least:

a) The different types of financial and non-financial risk (including operational, technological, legal, social, environmental, political and reputational) to which the company is exposed, including contingent liabilities and other off-balance-sheet risks among the financial or economic risks.

b) The risk level that the company considers acceptable.

c) The measures contemplated to mitigate the impact of the risks identified, should they materialise.

d) The internal control and reporting systems to be used to control and manage those risks, including contingent liabilities and other off-balance-sheet risks.

Complies [X]   Partial compliance [ ]   Explanation [ ]

46. Under the direct supervision of the audit committee or, as the case may be, an ad hoc committee of the board, there should be an internal risk management and control role exercised by an internal unit or department of the company expressly having the following duties:

a) See that the risk management and control systems work properly and, in particular, that all the major risks affecting the company are adequately identified, managed and quantified.

b) Participate actively in the preparation of the risk strategy and in the major decisions on their management.

c) See that the risk management and control systems adequately mitigate the risks within the policy defined by the board.

Complies [X]   Partial compliance [ ]   Explanation [ ]

47. Companies should ensure that the members of the nomination and remuneration committee -or the nomination committee and the remuneration committee, if they are separate- have adequate experience, skills and expertise for the duties they are to perform and that the majority of those members are independent directors

Complies [X]   Partial compliance [ ]   Explanation [ ]

48. Companies with a high level of capitalisation should have a separate nomination committee and remuneration committee.

Complies [ ]   Explanation [ ]   Not applicable [X]

49. The nomination committee should consult the chairman of the board and the chief executive of the company, especially on matters referring to the executive directors.

And any director should be able to request the nomination committee to consider potential candidates to fill vacancies on the board, in case they were suitable in the committee's opinion.

Complies [X]   Partial compliance [ ]   Explanation [ ]

50. The remuneration committee should perform its duties independently, having the following duties in addition to those assigned to it by law:

a) Propose to the board the basic terms of contract of the senior executives

b) See that the remuneration policy established by the company is observed

c) Periodically review the remuneration policy applied to directors and senior executives, including the systems of payment with shares and their application, and ensure that their individual remuneration is in proportion to that paid to other directors and senior executives of the company

d) Ensure that any conflicts of interest that may arise do not jeopardise the independence of the external counselling provided to the committee

e) Check the information on the remuneration of directors and senior executives in the different corporate documents, including the annual report on directors' remuneration

Complies [X] Partial compliance [ ] Explanation [ ]

51. The remuneration committee should consult the chairman of the board and the chief executive of the company, especially on matters referring to the executive directors and senior executives.

Complies [X] Partial compliance [ ] Explanation [ ]

52. The rules of composition and procedure of the supervision and control committees should be included in the regulations of the board and be coherent with those applicable to the committees required by law according to the foregoing recommendations, including the following:

a) The members should be exclusively non-executive directors, the majority independent directors.

b) They should be chaired by independent directors.

c) The board should appoint the members of these committees on account of the expertise, skills and experience of the directors and the duties of each committee; and the committees should discuss its proposals and reports; and report on its activities at the first board meeting following their meetings, answering for the work done.

d) The committees should be able to obtain external counselling whenever they may consider it necessary to perform their duties.

e) Minutes should be issued of their meetings and made available to all directors.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

53. The supervision of compliance with the rules of corporate governance, internal codes of conduct and corporate social responsibility policy should be assigned to one or distributed among several committees of the board, which may be the audit committee, the nomination committee, the corporate social responsibility committee, if any, or an ad hoc committee that the board, exercising its powers of self-organisation, may decide to set up. These committees should specifically have the following minimum duties:

a) Oversight of compliance with the internal codes of conduct and the company's corporate governance rules.

b) Supervision of the strategy of communication and relations with investors and shareholders, including small and medium-sized shareholders.

c) Periodical assessment of the adequacy of the company's corporate governance system to ensure that it fulfils its mission of promoting corporate interests and takes account of the legitimate interests of the other stakeholders, where appropriate.

d) Review of the company's corporate responsibility policy, making sure that it is geared towards creating value.

e) Monitoring of the corporate social responsibility strategy and practices and assessment of the degree of compliance.

f) Supervision and assessment of the processes of relations with different stakeholders.

g) Assessment of everything related with non-financial risks in the company, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordination of the reporting process for non-financial information and diversity, complying with the applicable legal provisions and international benchmark standards.

Complies [X] Partial compliance [ ] Explanation [ ]

54. The corporate social responsibility policy should include the principles or commitments that the company voluntarily undertakes in its relationships with the different stakeholders and define at least the following:

a) The corporate social responsibility goals and the development of supporting instruments.

b) The corporate strategy related with sustainability, the environment and social issues.

c) Specific practices in matters related with shareholders, employees, customers, suppliers, social issues, environment, diversity, tax responsibility, respect for human rights and prevention of unlawful conduct.

d) The methods or systems for monitoring the results of applying the specific practices contemplated in the preceding paragraph, the associated risks and management thereof.

e) The mechanisms for supervising non-financial risks, ethics and business conduct.

f) The communication channels, participation and dialogue with stakeholders.

g) Responsible communication practices to avoid manipulation of information and protect integrity and honour.

Complies [X] Partial compliance [ ] Explanation [ ]

55. The company should inform, in a separate document or in the directors' report, on matters related with corporate social responsibility, using one of the internationally accepted methodologies.

Complies [X] Partial compliance [ ] Explanation [ ]

56. The remuneration of directors should be high enough to attract and retain directors with the desired profiles and remunerate the dedication, qualification and responsibility required by their office, but not so high as to jeopardise the independence of non-executive directors.

Complies [X] Explanation [ ]

57. Variable remuneration linked to the company's yield and personal performance and the remuneration paid in shares, stock options, rights over shares or instruments indexed to the value of the share, and long-term savings systems such as pension plans, retirement schemes or other welfare systems, should be limited to executive directors.

The delivery of shares as remuneration to non-executive directors may be contemplated when it is conditional upon holding those shares until they retire from the board. This will not be applicable to any shares that the director may need to sell to pay the costs incurred in their acquisition.

Complies [X] Partial compliance [ ] Explanation [ ]

58. For variable remunerations, the remuneration policies should establish the limits and technical precautions required to make sure those remunerations are linked to the professional performance of their beneficiaries and do not merely derive from general trends on the markets or in the company's sector of business or other similar circumstances.

In particular, the variable components of the remuneration should:

a) Be linked to predetermined, measurable yield criteria, which consider the risk assumed to obtain a result.

b) Promote the company's sustainability and include non-financial criteria that are adequate for the creation of long-term value, such as compliance with the internal rules and procedures of the company and its policies for the control and management of risks.

c) Be based on a balance between meeting short, medium and long-term goals, permitting the remuneration of yield achieved through continuous performance over a sufficient period of time to appreciate their contribution to the sustainable creation of value, such that the elements for measuring that yield are not related only with one-off, occasional or extraordinary events.

Complies [ ] Partial compliance [X] Explanation [ ] Not applicable [ ]

The company complies with all the sections of this Recommendation except (b).

At present, the remuneration of the Executive Chairman (the only director with executive duties) does not include any non-financial criteria tied to the creation of long-term value, as he is a major shareholder.

This notwithstanding, in view of the imminent transposition of EU laws on the remuneration of directors, the Nomination and Remuneration Committee of the Company is assessing the possibility of including non-financial criteria in the variable remuneration scheme of the Executive Chairman, with a view to implementing those criteria when the transposition becomes effective.

59. The payment of a significant part of the variable components of remuneration should be deferred for a minimum time that is sufficient to check that the yield conditions established above have actually been met.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

60. Earnings-linked remuneration should take account of any qualifications made in the report by the external auditors that may reduce those earnings.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments indexed to their value.

Complies [ ] Partial compliance [ ] Explanation [X] Not applicable [ ]

Of the two Executive Directors, only the Chairman of the Board of Directors, Antonio Hernández Callejas, receives remuneration for his executive duties. Hercalianz Investing Group, S.L. does not receive any such remuneration, for the reasons explained elsewhere in this Report.

The current variable remuneration systems of the Executive Director are described in the Annual Report on Directors' Remuneration 2019 and are linked to the achievement of pre-established measurable, quantifiable objectives related with financial factors that promote profitability and the creation of sustainable value in the Company and Group in the long term.

Although Article 22 of the Articles of Association contemplates the possibility that Directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares, the Board of Directors has not so far submitted this form of remuneration to approval by the General Meeting, taking account of the fact that the executive director is a major shareholder and considering that the systems of variable remuneration of the Executive Director currently used are most appropriate for stimulating his motivation and personal performance, and his commitment to and relationship with the Company's and Group's interests.

62. Once the shares, stock options or rights over shares corresponding to the remuneration systems have been distributed, the directors may not transfer the ownership of a number of shares equivalent to twice their annual fixed remuneration or exercise the stock options or rights until at least three years after being allotted those shares, options or rights.

This will not be applicable to any shares that the director may need to sell to pay the costs incurred in their acquisition.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

63. Contracts should include a clawback clause whereby the company may to claim repayment of the variable components of remuneration when the amounts paid do not correspond to fulfilment of the conditions regarding yield or when paid on the basis of data subsequently proved to be misstated.

Complies [X] Partial compliance [ ] Explanation [ ] Not applicable [ ]

64. Termination benefits should not exceed a specified amount equivalent to two years' total annual remuneration and should not be paid until the company has confirmed that the director has met the performance requirements established above.

Complies [ ] Partial compliance [ ] Explanation [ ] Not applicable [X]

H. OTHER INFORMATION OF INTEREST

1. If you consider there to be any important aspects regarding the corporate governance practices applied by your company or other companies in the group that have not been mentioned in this report, but which should be included to obtain more complete, reasoned information on the corporate governance practices and structure in the company or group, describe them below and give a brief explanation.

2. This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive.

   In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

3. The company may also state whether it has voluntarily applied any international, sector-based or other codes of ethical principles or good practices. If so, it should name the code in question and the date of its accession. Particular mention shall be made of whether the company has acceded to the Code of Good Tax Practices of 20 July 2010.

EXPLANATORY NOTE ONE, ON SECTION C

A) The name of the audit committee in the company is "Audit and Compliance Committee" and the name of the nomination and remuneration committee is "Nomination and Remuneration Committee".

B) All the members of the Audit and Compliance Committee were appointed on account of their accounting and audit experience and expertise, including Grupo Tradifín, S.L. and Corporación Financiera Alba, S.A., which were elected on account of the expertise of their representatives in these areas (Blanca Hernández Rodríguez and Javier Fernández Alonso, respectively).

EXPLANATORY NOTE TWO, ON SECTION C.1.10

This note is included to indicate the positions held by Félix Hernández Callejas in the subsidiaries of the Ebro Foods Group.

As indicated elsewhere in this report, it should be borne in mind that Félix Hernández Callejas represents the corporate director Hercalianz Investing Group, S.L. on the Board of Directors of Ebro Foods, S.A. and that said director is classified as an executive director by virtue of the fact that its representative is an executive in Group subsidiary/ies.

- Anglo Australian Rice, LTD. Director. Executive duties
- Arrozeiras Mundiarroz, S.A. Director. Executive duties
- Boost Nutrition, CV. Director. Executive duties
- Española de I+D, S.A. Joint and Several Director. Executive duties
- Eurodairy, S.L.U. Joint and Several Director. Executive duties
- Formalac, S.L.U. Joint and Several Director. Executive duties
- Fallera Nutrición, S.L.U. Joint and Several Director. Executive duties
- Herba Foods, S.L.U. Joint and Several Director. Executive duties
- Herba Ingredients Belgium B, BVBA. Director. Executive duties
- Herba Nutrición, S.L.U. Joint and Several Director. Executive duties
- Herba Trading, S.L.U. Joint and Several Director. Executive duties
- Joseph Heap & Sons, Ltd. Director. Executive duties
- Nuratri, S.L.U. Joint and Several Director. Executive duties
- Nutramas, S.L.U. Joint and Several Director. Executive duties
- Nutrial, S.L.U. Joint and Several Director. Executive duties
- Panzani, S.A.S. Director. No executive duties
- Pronatur, S.L.U. Joint and Several Director. Executive duties
- Risella, OY. Chairman and CEO. Executive duties
- Riviana Foods, Inc. Director. No executive duties
- S&B Herba Foods, Ltd. Director. Executive duties
- Santa Rita Harinas, S.L. Chairman. No executive duties
- Vitasan, S.L.U. Joint and Several Director. Executive duties
- Vogan, Ltd. Director. Executive duties
- Yofres, S.L.U. Joint and Several Director. Executive duties

EXPLANATORY NOTE THREE, ON SECTION E.3

The main risks that could have a bearing on achievement of the company's business goals listed in section E.3 of this Report.

A. OPERATIONAL RISKS:

- Food safety. Owing to the nature of the Group's business, aspects regarding food safety are a critical point to which the Group pays the utmost attention, as we are bound by a large number of laws and standards in each of the countries in which the Group's products are put on the market.

- Commodity supply risk. The availability of commodities in the quantity and quality required to meet our commitments to customers and the requirements of our brands is a key factor for our business both nationally (Spanish paddy rice) and internationally (semi-processed rice for the Group subsidiaries).

- Market risk (prices). Unexpected variations in the prices of our commodity supplies may affect the profitability of our commercial transactions, in both the industrial and brand-based segments. The main risk lies in the prices of the different rice varieties and durum wheat, although it extends also to other materials consumed, such as packaging material and oil derivatives.

- Customer concentration risk. The concentration of customers, which can occur in both the industrial and brand segments, may lead to less favourable commercial terms for our sales and affect our credit risk.

- Technological risk. In our sector, one of the most important tools for competing with our rivals is based on constant technological innovation and searching for ways to adapt to consumers' desires. Consequently, "technological lag" is considered a possible risk. This set of risks also includes the risks relating to the security of the IT systems and data (cybersecurity) of the Group, which is considering whether or not these risks should be considered an individual risk in the ongoing revision of the Group's risk map.

B. RISKS RELATED WITH THE ENVIRONMENT AND STRATEGY:

- Environmental risk. Respect for the environment is another critical point for the Group, considering our industrial activity, with a large number of plants distributed internationally. We aim to adopt a set of good practices, complying scrupulously with the law.

- Climate risk. The effects of droughts, flooding and other weather perils in the countries where we source our supplies can cause problems of availability and unstable commodity prices, in both rice and durum wheat. Other strategic and operating risks are also assessed, such as possible changes in consumer habits as a result of alterations in the temperature, or the need to make specific investments.

- Competition risk. In general, pressure from white label brands is the main threat for maintaining the market shares of the Group's brands.

- Reputational risk. This is the risk associated with changes of opinion resulting in a negative perception of the Group, its brands or products by customers, shareholders, suppliers, market analysts, employees, institutions, etc., as they may adversely affect the Group's ability to maintain its commercial and financial relations or its interaction with social partners.

- Changes in lifestyle. The proliferation of low carbohydrate diets or other food habits could alter consumers' perception of our products.

- Country or market risk. Owing to the international nature of the Group's activities, political and economic circumstances in the different countries in which we operate and other market variables, such as exchange rates, interest rates, costs of production, etc. may affect our business.

- Natural disasters, fires. As an industrial group, a significant part of the assets on the Group's balance sheet corresponds to its factories, so any natural incidents (earthquakes, fires, etc.) that may affect the integrity of the Group's plants are a business risk.

- Strategic planning and assessment of strategic opportunities for investment or divestment. Risk deriving from the possibility of making a mistake in the selection of alternatives and/or assignment of resources to reach the Group's strategic goals. In the short term, this includes aligning the budget with the goals defined for the medium and long term.

C. COMPLIANCE RISKS:

- Sectoral regulatory risk. The food industry is a sector subject to numerous regulations affecting export and import quotas, customs duties, intervention prices, etc., subject to the directives laid down in the Common Agricultural Policy (CAP). The Group's activity may also be affected by changes in legislation in the countries in which it sources raw materials or sells its products.

- General regulatory risk. These include risks of compliance with civil, commercial, criminal and good governance provisions.

In the area of criminal risks, the Group has a Crime Prevention Model, monitored and controlled by the Compliance Unit. During 2019, the Compliance Unit conducted a review and update of its criminal risk map and mechanisms for mitigating those risks, assisted by an external expert. At the date of this report, this work is in its final stage and the action plan, if any, considered necessary by the expert will be put into place to complete the update of the criminal risk map and the Model overall.

- Tax risks. Any changes in the tax laws or the interpretation or application thereof by the competent authorities in the countries in which the Group operates could affect its earnings.

D. FINANCIAL RISK:

This category includes foreign exchange, interest rate, liquidity and credit risks. The foreign exchange risk is particularly significant because the functional currency of the Group is the euro, but a considerable part of its commodity supply transactions are in US dollars and a very large part of the Group's investments are also in that currency.

The current risk map does not identify within the major risks any that might be considered to derive from corruption.

However, the Group has measures to mitigate those potential risks on both a global level (Code of Conduct) and a local level. It also has a Crime Prevention Model with several means for mitigating the risk of corruption offences being committed.

EXPLANATORY NOTE FOUR, ON SECTION E.5.

Details are provided below of the risks that have actually occurred during 2019, listed in section E.5 of this Report.

SUPPLY RISKS

Overall, there have been no significant variations in respect of the previous year. The prices of most materials remained stable over the year, except pork, in which there was a hike as prices were pushed up by the increased demand in the wake of an outbreak of swine flu in China. That commodity affects a minor part of our product range.

Another issue that has recurred in recent years is the risk of drought in Spain, aggravated by the gradual reduction of availability and supply of rice in Spain (especially the Puntal variety and pearl rice varieties in general), thus reducing the volumes to which the Group has access and pushing prices up. To mitigate this risk, the Group has set up a subsidiary in Argentina to encourage growers there the sow rice varieties similar to the "Spanish" ones, thus completing supplies and reducing our dependence on production in Spain.

COUNTRY RISK

During 2019, the Group has kept an eye on the situation deriving from the UK's exit from the EU. Markets stabilised once the UK's exit from the EU became effective as of 31 January 2020 and the transition period up to the end of this year. However, the Group has maintained its currency hedges in view of the volatility of markets, while searching for alternative sourcing for its British subsidiaries. In any case, the scenario will not necessarily be adverse, considering the Group's presence in several countries that have preferential agreements with the UK.

COMPETITION/MARKET RISK

In this section, we should mention the loss of some important clients for our businesses in Canada and France, through the fierce competition in those markets between branded and private label producers, which represents a commercial and strategic challenge. Mitigation measures were put into place in all cases and the impact was reduced thanks to the shift in consumption to other Group products. In addition, we are working on recovering those clients or securing new ones during 2020.

OPERATION AND LOGISTIC RISK

Several product delivery problems arose during the year related with internal organisation difficulties, especially in the production of certain listings sharing the same production line at the Memphis plant and at our distribution hubs. In August, problems that were entirely beyond the Group's control were also encountered owing to the change of distribution hub in nor-east USA (an area of high consumption), which caused delays in product deliveries and even some failed deliveries. The internal problems were solved with alternative solutions. It took a month to stabilise the service at the new warehouse, although a compensation was obtained from the owner of the warehouse that mitigated the financial aspect of the incident.

Although recent and reported in 2020, contingency measures are being put into practice for the new coronavirus situation in respect of both preventive and operational aspects and others are designed to meet the needs of the market.

EXPLANATORY NOTE FIVE, ON SECTION G

- RECOMMENDATION 11

The Company has a Policy on Attendance Fees for General Meetings, which establishes the principle that those fees will not be cash payments, but the delivery of a gift related with the products of Ebro Group and/or its brands.

- RECOMMENDATION 50

The "senior executives" contemplated in this recommendation include the Chief Operating Officer (COO), the Company Secretary and Secretary of the Board and the heads of the principal business units of the Ebro Foods Group, even though they do not all have a special senior management relationship.

ETHICAL PRINCIPLES AND CODES VOLUNTARILY APPLIED BY EBRO FOODS, S.A.:

- United Nations Global Compact - 2001

- Project of the Spanish Commercial Coding Association (AECOC) against food waste, "Don't waste food, use it" - 2012

- Member of the Advisory Committee of the United Nations Sustainable Development Goals Fund (SDGF) to boost the Sustainable Development Goals (SDG) - 2015

- Sustainable Agriculture Initiative (SAI) Platform - 2015

- SERES Foundation - 2015

- Sustainable Rice Platform - 2016

- Forética. 2017

- Cool Farm Alliance. 2017

This Annual Corporate Governance Report was approved by the Board of Directors of the Company on:

[25/03/2020]

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

[ ] Yes
[√] No

The English version of this document is purely informative.
In the event of any discrepancy between the Spanish and English versions of this document, the Spanish version will prevail.

EBRO FOODS, S.A.

Audit Report on the “2019 Disclosures Regarding the Internal Control over Financial Reporting (ICFR) System”

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

AUDIT REPORT ON THE "DISCLOSURES REGARDING THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) SYSTEM" OF EBRO FOODS, S.A.

To the Board of Directors of Ebro Foods S.A.,

As per the request of the Board of Directors of EBRO FOODS, S.A. (hereinafter, the Company) and our proposal letter of December 20, 2019, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of EBRO FOODS, S.A. for 2019, which summarize the Company's internal control procedures in respect of its annual reporting exercise.

The Board of Directors is responsible for taking the opportune measures to reasonably assure the implementation, maintenance and supervision of an adequate internal control system, making improvements to this system and preparing the contents of the ICFR disclosures required for the accompanying Annual Corporate Governance Report (ACGR).

Against this backdrop, it is important to note that, regardless of the quality of design and effective functioning of the ICFR system adopted by the Company in respect of is annual financial reporting effort, the system can only provide reasonable but not absolute assurance regarding the objectives pursued, due to the limitations intrinsic to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we have only carried out the specific procedures described below, as indicated in the *Procedures for external audit reviews* of an entity's ICFR disclosures contained in the *Internal Control over Financial Reporting in Listed Companies* report published by Spain's securities market regulator, the CNMV (and available on its website), which establishes the procedures to be performed, the scope thereof and the contents of this report. Given that the product resulting from these procedures is at any rate limited in scope and substantially more limited than an audit or review of the internal control system, we do not express any opinion on the effectiveness of the system or on its design or effective functioning in respect of the Company's 2019 financial disclosures, as described in the accompanying ICFR disclosures. Consequently, had we performed additional procedures to those stipulated in the above-mentioned CNMV report or had we performed an audit or review of the internal controls over the annual financial disclosures that the Company is required to present, other matters might have come to our attention that would have been reported to you.

Furthermore, given that this special assignment neither constitutes a financial statement audit nor is subject to the Consolidated Text of Spain's Financial Statement Audit Act, we do not express an opinion in the terms provided for in that piece of legislation.

The procedures performed are itemized below:

1. Reading and understanding the information prepared by the Company in relation to the ICFR System - which is disclosed in the Management Report - and assessing whether this information meets all the minimum reporting requirements needed to fill out section F on the ICFR system in the Annual Corporate Governance Report template established in CNMV Circular No. 5/2013 (of June 12, 2013), as amended by Circular No. 7/2015 (of December 22, 2015) and then again by Circular No. 2/2018 (of June 12, 2018) (hereinafter, the CNMV Circulars).

2. Questioning of the personnel responsible for drawing up the information detailed in item 1 above: (i) to obtain an understanding of the process that goes into drawing up the information; (ii) to obtain information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning.

3. Reviewing the explanatory documents supporting the information detailed in item 1, including documents directly made available to those responsible for describing ICFR system. The documentation to be reviewed may include reports prepared for the audit committee by internal audit, senior management and other internal or external experts.

4. Comparing the information detailed in item 1 above with our knowledge of the Company's ICFR System obtained through the external audit procedures applied during the annual audit.

5. Reading of the minutes taken at meetings of the board of directors, audit committee and other committees of the Company to evaluate the consistency between the ICFR business transacted and the information detailed in item 1 above.

6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in item 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any inconsistencies or incidents that could affect such disclosures.

This report was prepared exclusively within the framework of the requirements stipulated in article 540 of the Consolidated Text of Spain's Corporate Enterprises Act and the CNMV Circulars related to the description of the ICFR System in the Annual Corporate Governance Report.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Ramón Masip López

March 24, 2020

Next, the Spanish original version incorporates the signatures certificate issued by the Secretary of the Board, which was signed by each and every one of the Directors, in person or by the representative, against their names and surnames set out below.

Madrid, 25 March, 2020.

Luis Peña Pazos
Secretary of the Board

Antonio Hernández Callejas
Chairman

Demetrio Carceller Arce
Vice-Chairman

Alimentos y Aceites, S.A.
(María Jesús Garrido Solís)

Belén Barreiro Pérez-Pardo

María Carceller Arce

Fernando Castelló Clemente

José Ignacio Comenge Sánchez-Real

Mercedes Costa García
Lead Independent Director

Empresas Comerciales
e Industriales Valencianas, S.L.
(Javier Gómez-Trenor Vergés)

Corporación Financiera Alba, S.A.
(Javier Fernández Alonso)

Grupo Tradifín, S.L.
(Blanca Hernández Rodríguez)

Hercalianz Investing Group, S.L.
(Félix Hernández Callejas)

Pedro Antonio Zorrero Camas