

ANNUAL ACTIVITY REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE OF EBRO FOODS, S.A. FOR THE YEAR ENDED 31 DECEMBER 2021

1. Duties and responsibilities

The Audit and Compliance Committee was set up by virtue of a resolution adopted by the Board of Directors on 22 September 1998. As a delegated committee of the Board it has the duties and responsibilities attributed to it by law, the Articles of Association and the Regulations of the Board of Directors of Ebro Foods, S.A. (the “**Company**”).

The current text of Act 31/2014 of 3 December, section 529 quaterdecies.4 of the Corporate Enterprises Act (*Ley de Sociedades de Capital*, LSC) establishes that, “*Without prejudice to any other duties assigned in the Articles of Association or, in accordance therewith, in the Regulations of the Board, the Audit Committee shall have at least the following duties:*

- a) *Inform the general meeting of shareholders on any issues raised in connection with the matters falling within the competence of the committee, particularly the results of the audit, explaining how it has contributed to the integrity of the financial reporting and the role played by the committee in that process.*
- b) *Oversee the effectiveness of the internal control of the company, internal audit and risk management systems and discuss with the auditors any material weaknesses of the internal control system detected during their audit work, without jeopardising their independence. For this purpose, if appropriate, recommendations or proposals may be submitted to the board of directors, indicating the time for follow-up.*
- c) *Supervise the process of preparation and delivery of the mandatory financial reporting and submit recommendations or proposals to the board to protect its integrity.*
- d) *Submit to the board proposals for the selection, appointment, re-appointment and replacement of the external auditor(s), taking responsibility for the selection process, pursuant to Articles 16.2, 3 and 5 and 17.5 of Regulation (EU) No 537/2014 of 16 April. It shall also propose the terms of contract and regularly obtain information from the auditors on the audit plan and its fulfilment, while preserving their independence in the performance of their duties.*
- e) *Establish the appropriate relations with the external auditors to receive information on any issues that may threaten their independence, which shall be studied by the committee; any other issues related with the audit process and, where appropriate, the authorisation of non-audit services other than the prohibited non-audit services, pursuant to Articles 5.4 and 6.2(b) of Regulation (EU) No 537/2014 of 16 April, and Title I, Chapter IV, Section 3 of the Audit Act 22/2015 of 20 July, on independence, and any other*

communications contemplated in the audit laws and standards. In any case, the committee should receive each year from the external auditors a declaration of their independence from the company or any companies directly or indirectly related to it, and detailed information for each company of any additional services of whatsoever nature provided and the corresponding fees received from those companies by the external auditors or the persons or entities related to them, according to the laws and standards regulating audit activities.

- f) Issue annually, prior to issuance of the auditors' report, a report expressing the committee's opinion on whether the independence of the auditors or audit firms is jeopardised. This report shall contain at least a reasoned assessment of the presentation of each and all of any additional services contemplated in the preceding paragraph, individually or altogether, other than the legal audit and in relation to the provisions on independence or those regulating audit activity.*
- g) Inform on related party transactions that must be approved by the General Meeting or the Board of Directors and oversee the internal procedure to be established by the company for any whose approval has been delegated.*
- h) Inform the Board in advance on all matters contemplated in the law, the articles of association and the regulations of the board and, in particular, on:
 - 1. The financial information that the company is obliged to publish periodically.*
 - 2. The creation or acquisition of shares in base companies or special purpose vehicles or companies domiciled in countries or territories considered tax havens.**

The Audit Committee will not perform the duties contemplated in this paragraphs (g) or (h) if they are assigned in the articles of association to another committee and that committee meets the composition requirements established in sub-section 1 of this section.

The provisions of paragraphs 4(d), (e) and (f) shall be without prejudice to the audit laws, regulations and standards.”

Article 24.4 of the Regulations of the Board (following the amendment resolved by the Board on 15 December 2021) establishes the following: *“The Audit and Compliance Committee shall have the following powers, in addition to those assigned to it by law, regulations or the Articles of Association:*

- a) Supervise, assess and promote internal control of the company and the financial and non-financial risk management systems, including operating, technological, legal, social, environmental, political, reputational and corruption-related risks, and submit recommendations to the Board for a decision on the risk management and control policy, including tax risks, specifying at least:*

- *The types of financial and non-financial risks to which the company is exposed.*
 - *The risk level that the company considers acceptable.*
 - *The measures for mitigating the impact of identified risks, should they actually occur.*
 - *The control and reporting systems used to control and manage those risks.*
- b) *Supervise and promote the policies, procedures and systems used for drawing up and controlling the company's financial and non-financial information, checking the services performed in this regard by the Internal Audit Department, the Financial Department and the Management Committee and making sure they are correctly distributed throughout the Group.*
- c) *Receive the information sent regularly to the Stock Exchange Councils, issue prospectuses and any public financial information offered by the Company and, in general, all information prepared for distribution among shareholders, ensuring the existence of internal control systems that guarantee the transparency and truth of the information.*
- d) *Ensure that (i) the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be authorised for issue in accordance with current legislation give a true and fair view of the equity, financial position and results of the Company and make sure that any interim financial statements are drawn up according to the same accounting principles as the annual accounts, considering the possibility of asking the external auditors to make a limited audit if necessary; and (ii) the Board of Directors endeavours to submit the annual accounts to the General Meeting with an unqualified auditors' report.*

In this respect, it shall also see that the internal control systems are adequate and effective in respect of the accounting practices and principles used for drawing up the company's annual accounts, supervising the policies and procedures established to ensure due compliance with applicable legal provisions and internal regulations. The Committee shall, through its Chairman, obtain information and collaboration from both the Internal Audit Manager and the External Auditors to perform these duties.

- e) *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.*
- f) *Be informed of the decisions adopted by the senior management according to recommendations made by the External Auditors in connection with the audit.*

- g) *Implement a confidential whistleblowing channel accessible to all Group employees and other people related with the company, and a protocol for establishing priority, processing, investigating and solving any issues reported through that channel according to their importance and nature, paying special attention to those involving possible falsehood or misrepresentation in financial or accounting documents and possible fraud.*
- h) *Supervise compliance with the internal codes of conduct and rules of corporate governance, including the policies approved by the Board, subject to supervision by the Audit and Compliance Committee. In particular, oversee the implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems in general and the financial reporting process in particular.*
- i) *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. The Committee shall 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. It shall also inform the Board on the proposal for appointment of the Internal Audit Manager and approve each year the internal audit work plan, monitoring its implementation.*
- j) *Supervise Related Party Transactions and report to the Board or the General Meeting, as the case may be, prior to their approval, on the related party transactions that are going to be submitted for approval, and oversee the internal procedure, if any, established by the Company for any transactions for which approval has been delegated.*

The Audit and Compliance Committee shall also report to the General Meeting on any issues raised by shareholders concerning matters within its remit."

2. The Good Governance Code and the Technical Guide on Audit Committees in Public Interest Entities

In February 2015, the National Securities Market Commission (CNMV) published the current Good Governance Code for Listed Companies (the "Good Governance Code"), which included several recommendations for the Audit Committee. Some of those recommendations were developed in the "Technical Guide on Audit Committees in Public Interest Entities" (the "Technical Guide"), published by the CNMV in June 2017.

At the end of 2017, the Audit and Compliance Committee, counselled by an external expert, reviewed the degree of alignment of that Committee with the good practices

indicated in the Technical Guide, analysing them in the light of the circumstances and characteristics of the company. The results of that work were set out in a report, which was presented to the Committee in June 2018.

In view of certain aspects mentioned in that report, the Committee adopted several decisions to establish the practices considered appropriate. Most of them were implemented in 2018.

The Good Governance Code was revised in June 2020 and certain aspects relating to the Audit and Compliance Committee were amended. In the wake of those amendments, the Regulations of the Board were revised (aligning them with the new text of the Good Governance Code, insofar as this was deemed necessary), including some of the regulatory provisions concerning the Audit and Compliance Committee.

3. Composition

Following the amendment of the Corporate Enterprises Act by the Accounts Audit Act 22/2015 of 20 July, section 529 quaterdecies establishes that: *“All the members of the Audit Committee shall be non-executive directors appointed by the Board and at least the majority of them shall be independent directors, one of whom shall be appointed on the basis of their experience and expertise in accounting, auditing or both. Overall, the committee members shall have the necessary expertise regarding the sector in which the audited company operates. One of the independent directors on the Audit Committee shall be appointed to chair the committee. The Chair shall be replaced every four years and will become eligible for re-election one year after their retirement as such.”*

In the company’s internal regulations, the composition of the Audit and Compliance Committee is regulated in Article 28.2 of the Articles of Association and Article 24.1 of the Regulations of the Board.

Article 28.2 of the Articles of Association provides that: *“An Audit and Compliance Committee shall be set up within the Board, with no fewer than three nor more than five members appointed by the Board. All the members of this Committee shall be non-executive directors, at least the majority shall be independent directors and one of them shall be appointed on the basis of his experience and expertise in accounting, auditing or both. Furthermore, the committee members shall have overall the necessary expertise regarding the sector in which the audited company operates.*

The Board shall appoint one of the independent directors on the Audit and Compliance Committee to chair that committee. The Committee Chair shall be replaced every four years and will become eligible for re-election one year after their retirement as such. In the event of absence or temporary unavailability of the Chair, they shall be substituted by a member of the Committee provisionally so nominated by the Board, or otherwise by the oldest Committee member.”

Article 24.1 and 2 of the Regulations of the Board establishes the following (following the amendment resolved by the Board on 16 December 2020):

“An Audit and Compliance Committee shall be set up within the Board, with no fewer than three nor more than five directors. All the members of this Committee shall be non-executive directors, at least the majority shall be independent directors and overall they will be appointed on the basis of their experience and expertise in accounting, auditing and financial and non-financial risk management, or any one or more of those areas. Furthermore, the committee members shall have overall the necessary expertise regarding the sector in which the audited company operates.”

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 chair shall be replaced every four years and will become eligible for re-election one year after their retirement as such. The chair of the Audit and Compliance Committee shall be appointed on the basis of their expertise and experience in accounting, auditing and financial and non-financial risk management, or any one or more of those areas.”

Throughout 2021, the Audit and Compliance Committee had the following composition:

- Mercedes Costa García - Chair (lead independent director);
- Fernando Castelló Clemente - Member (independent director);
- Grupo Tradifín, S.L. (Blanca Hernández Rodríguez) - Member (proprietary director);
- Javier Fernández Alonso – Member (proprietary director);
- Pedro Antonio Zorrero Camas – Member (independent director), who tendered his resignation from the Board (and, therefore, as member of the Audit and Compliance Committee) with effect from 31 December 2021.

From 31 January 2022 up to the date of issue of this report, the Audit and Compliance Committee has had the following composition:

- Mercedes Costa García - Chair (lead independent director);
- Fernando Castelló Clemente - Member (independent director);
- Grupo Tradifín, S.L. (Blanca Hernández Rodríguez) - Member (proprietary director);
- Javier Fernández Alonso – Member (proprietary director);
- Marc Thomas Murtra Millar – Member (independent director).

Luis Peña Pazos, (non-director) Secretary of the Board, is (non-member) Secretary of the Audit and Compliance Committee.

In the opinion of the Committee and the Board, the members of the Committee have the necessary diversity of expertise required for its increasingly more complex remit. Apart from the members who are experts in accounting and auditing, there is a wide diversity of expertise and experience among the professional profiles of the Committee members, including financial and non-financial risk management.

The professional profiles of the members of the Audit and Compliance Committee can be consulted on the corporate website: www.ebrofoods.es.

4. Procedure

Article 28.2 of the Articles of Association provides as follows: *“The Audit and Compliance Committee shall meet with the frequency stipulated in the Regulations of the Board and as and when called by its Chairman, whenever so decided by at least two of its members or at the request of the Board. Committee meetings shall be held at the registered office or wheresoever else may be decided by the Chairman and indicated in the notice of call, and shall be quorate when attended, in person or by proxy, by the majority of its members. Resolutions shall be carried with the votes in favour of the majority of members attending the meeting. In the event of a tie, the Chairman, or acting Chairman, shall have the casting vote. The Secretary of the Committee shall be appointed by the Board and shall issue minutes of the resolutions adopted, which shall be reported to the Board.”*

Article 24.3 of the Regulations of the Board provides as follows: *“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.”*

Article 22 of the Regulations of the Board contains general provisions applicable to all the Committees of the Board, including the Audit and Compliance Committee.

5. Summary of activities performed during 2021

The Audit and Compliance Committee held seven (7) meetings in 2021, all attended by the Committee Chair. Of those meetings, the ones held in February, September, October and December were exclusively online. The remaining meetings were all held in person, although video conferencing was also enabled. In any case, the pandemic did not prevent adequate holding of the Committee meetings considered necessary during the year.

The main actions taken by the Audit and Compliance Committee during the year are summarised below:

- **Meeting on 24 February 2021:**
 - The external auditing (by EY) of the separate and consolidated annual accounts 2020 was reviewed, ensuring that the auditors’ reports were

unqualified, with some audit work pending completion at the date of the meeting.

As part of that work, the external auditors informed the Committee in detail on the key audit aspects and, within them, the accounting and audit implications of the Group's divestment from the dry pasta businesses in North America, one of which had been concluded before the end of 2020 and the other (the sale of the dry pasta business in Canada) in January 2021. The final work on purchase price allocation in respect of the acquisition of Tilda in 2019 was also explained and analysed in detail.

- The Committee checked and agreed to issue a favourable report to the Board on the H2 2020 (cumulative) financial report, including the presentation to analysts following approval of that report by the Board. As usual whenever the public half-year report is presented, the Finance Manager explained the principal aspects of that information, focusing on the non-recurring aspects during the period. The Committee was also informed on the audit and control measures applied to the financial reporting and the estimates disclosed to the market.
- The report was received from the Risks Committee, which operates within the Audit and Compliance Committee and is responsible for monitoring the Risk Control Policy and the internal control over the financial reporting system, regarding the most important aspects of management risk control, the ICFR and tax risks corresponding to H2 2020.

At the same meeting, the Audit and Compliance Committee was informed of the conclusion of work updating the management risk map and approved the revised map, identifying a new set of 'top 25' management risks.

- The Compliance Unit, also operating within the Committee and responsible for monitoring the main aspects of legal compliance, including the Crime Prevention Model (revised and updated with external specialist counselling during 2020), the Internal Code of Market Conduct and the Code of Conduct, also presented its report on H2 2020, which included the results of reporting under the Crime Prevention Model for that period, among other aspects.
- The related party transactions made by the company and its group with core shareholders, directors and their representatives (and parties related to them) during 2020 were reviewed, checking that they were made in the normal course of the company's and group's business, on arm's length terms (conditions and prices) and within the constraints of the authorisation granted by the Board.
- In pursuance of the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the non-audit services contracted with the external auditors, EY, since the previous Committee meeting were put on record.

Finally, in accordance with the Technical Guide on Audit Committees, it was noted that the corporate website was fully updated.

- **Meeting on 23 March 2021:**

- Following the final report by the Company and Group auditors and confirmation that their auditors' reports would be unqualified, the Committee checked and resolved to pass a favourable report to the Board of Directors on the separate and consolidated annual accounts for the year ended 31 December 2020.
- The draft report by the auditors on the internal control over the financial reporting system (ICFR) 2020 was reviewed, indicating the absence of any material irregularities.
- The favourable report by the external auditors on the of Non-Financial Statements was also reviewed.
- The external auditors also presented the draft special report required by Article 11 of Regulation (EU) No 537/2014, pointing out that the audits made by the external auditors to verify compliance with the requirements established for the potential contracting to the external auditors of non-audit services, pursuant to Article 5(3) of Regulation 537/2014, were annexed thereto.
- After due examination of the information provided by the auditors in the above-mentioned report and the issuing by said auditors of a declaration of independence, a favourable report was issued on the independence of the auditors of the company and its Group, to be submitted to the Board.
- The Committee verified the information on related party transactions, potential conflicts of interest and risk control (falling within the remit of the Committee) to be included in the Annual Corporate Governance Report 2020 and resolved to submit a favourable report to the Board.
- The Committee, assisted by the Internal Audit Department, monitored the measures taken by the North American subsidiary Riviana in respect of the recommendations issued in 2020 following the department's work testing ICFR controls. It was confirmed that the necessary measures had been taken to mitigate the inefficiencies identified during testing.
- The Committee monitored the degree of progress in the work contemplated in the Internal Audit Department's Work Plan.
- The Committee's Activity Report for 2020 was issued and approved for submission to the Board.
- In pursuance of the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the non-audit

services contracted with the external auditors, EY, since the previous Committee meeting were put on record.

Finally, in accordance with the Technical Guide on Audit Committees, it was noted that the corporate website was fully updated.

- **Meeting on 27 April 2021:**

- The Committee checked and agreed to issue a favourable report to the Board on the Q1 2021 earnings presentation to analysts. In this regard, after Act 5/2021 ended the obligation to present quarterly public Financial Statements, the Company considered it appropriate to maintain its meetings with analysts to present first and third quarter results each year. The Committee supervised that presentation, since it is responsible for overseeing and monitoring the Group's Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors and the Policy on Communication of Financial, Non-Financial and Corporate Information.
- Just as every year, the external auditors presented their recommendations regarding the internal control processes established in the Group. The Committee was informed of the relevant work done by the Group in this area (in the light of recommendations made in earlier years) and certain minor aspects were identified, in which additional reinforcements could be made, mainly in the reporting and consolidation of the Non-Financial Statement. These recommendations were passed on to the Communication and CSR Department, which put in place the appropriate measures.
- The Audit Committee made the appropriate monitoring of the Group's CSR Policy. The Group CSR Report 2020 was presented and the Committee resolved to submit a report to the Board in favour of approving it.
- The Chief Audit Officer presented the report of the Internal Audit Department on the financial audit of the Moroccan subsidiary Agromeruan, which was included in the Internal Audit annual work plan for 2021.
- Resuming the detailed analysis of the principal management risks within the Group (suspended in 2020 because of the pandemic), the Committee received a training session entitled "R&C and Innovation Risks" and was informed of the investments made by the Ebro Group in this area.
- Finally, in pursuance of the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the non-audit services contracted with the external auditors, EY, since the previous Committee meeting were put on record.

In accordance with the Technical Guide on Audit Committees, it was noted that the corporate website was fully updated.

- **Meeting on 27 July 2021:**

- The external auditors, EY, presented their proposal of fees for auditing the separate and consolidated annual accounts 2021. The Committee asked the external auditors to revise some items included in the proposal, requesting the presentation of an adjusted proposal.
- The Committee checked and agreed to issue a favourable report to the Board on the H1 2021 financial report. The Finance Manager explained the principal aspects of that information, focusing on the non-recurring aspects during the period.
- The Committee checked and agreed to issue a favourable report to the Board on the Q1 2021 earnings presentation to analysts.
- The Internal Audit Department presented its report on the German subsidiary Euryza, in accordance with its annual work plan for the year.
- The Internal Audit Department also presented its report on the subsidiary Transimpex, pointing out that it was not a report on the assessment of the company, but an analysis of the acquisition in view of its evolution following its incorporation in the Group.
- The Committee analysed the degree of progress of the work included in the annual Work Plan of the Internal Audit Department.
- The Committee was given a training session entitled “Climate Change Risks” by the Group Communication and CSR Manager. In her presentation, she made a theoretical overview of the risk and explained the mechanisms in place within the Group to manage and mitigate it.
- Finally, in pursuance of the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the non-audit services contracted with the external auditors, EY, since the previous Committee meeting were put on record.

In accordance with the Technical Guide on Audit Committees, it was noted that the corporate website was fully updated.

- **Meeting on 21 September 2021:**

The only item on the agenda for this extraordinary meeting was to review the adjusted proposal of fees submitted by the external auditors for auditing the separate and consolidated annual accounts 2021. The Committee was informed of the revised proposal prepared by EY and resolved to submit a report to the Board in favour of approving it.

- **Meeting on 25 October 2021:**

- The external auditors, EY, attended the meeting to present their preliminary work on defining the audit strategy for 2021, and the Committee approved the focus and planning presented.
- The Committee checked and agreed to issue a favourable report to the Board on the Q3 2021 earnings presentation to analysts.
- A report was received from the Risks Committee, which reports to the Audit and Compliance Committee, responsible for monitoring the Risk Control Policy and the internal financial control system, regarding the most important aspects of management risk control, the internal control over the financial reporting system (ICFR) and tax risks corresponding to H1 2021.
- A report was received from the Compliance Unit, which reports to the Audit and Compliance Committee, responsible for monitoring the principal aspects of legal compliance, including the Crime Prevention Model, the Internal Code of Market Conduct and the Code of Conduct, corresponding to H1 2021.
- The Internal Audit Department presented its report on the Italian subsidiary Bertagni, in accordance with its annual work plan for the year.
- The Committee analysed the degree of progress of the work included in the annual Work Plan of the Internal Audit Department, taking note of the transfer to 2022 of the financial audit scheduled on the subsidiary Lustucru (for the work being done in France in respect of the divestment from the Panzani dry pasta, semolina, couscous and sauces businesses) and the substituting in 2021 of the audit of Indo European Foods and Gourmet Foods & Beverages, acquired in April 2021.
- The Committee was informed of the recommendations included in the report on the assessment of the Board, its Committees and the Executive Chairman in 2020 in key aspects falling within the Committee's remit and adopted the decisions it considered appropriate in respect thereof.
- The first draft of the Annual Work Plan of the Committee for 2022 was presented so that the Committee members could review and comment on it with a view to its approval at the meeting scheduled for December.
- Finally, in pursuance of the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the non-audit services contracted with the external auditors, EY, since the previous Committee meeting were put on record.

In accordance with the Technical Guide on Audit Committees, it was noted that the corporate website was fully updated.

- **Meeting on 13 December 2021:**

- The external auditors of the Company and its Group informed on the progress of the preliminary audit work on the individual and consolidated accounts 2021. They set out their preliminary comments on the key issues and material aspects of accounting, focusing especially on the accounting of the divestments in North America (already made by then) and in France (pending execution at that time).

The external auditors explained their planning and strategy in the final phase of their audit.

- The Committee was informed on the Sustainability Plan “*Rumbo a 2030*” [“Heading for 2030”] and the material aspects of CSR and Sustainability in 2021.
- The Internal Audit Department presented its conclusions on the work testing ICFR controls in the British subsidiary S&B. That work led to the implementation of measures to update protocols and actions to be put into place by the management of the subsidiary, monitored by the Internal Audit Department.
- The Committee assessed the degree of fulfilment of the Annual Work Plan of the Internal Audit Department for 2021, confirming that all the work planned had been done. In addition, following a presentation by the Chief Audit Officer and after checking that it contained, among others, the work expressly required by the Committee, it approved the Annual Work Plan of the Internal Audit Department for 2022.
- The Committee considered positive the degree of fulfilment of its Annual Work plan for 2021 and approved the Plan for 2022.
- The Committee reviewed and agreed to submit a favourable report to the Board on the proposal for an ordinary dividend against the 2021 profits, payable in 2022.
- The Committee was informed on the functioning of the whistleblowing channel during 2021, in which no material aspects were revealed.
- Finally, in pursuance of the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the non-audit services contracted with the external auditors, EY, since the previous Committee meeting were put on record.

In accordance with the Technical Guide on Audit Committees, it was noted that the corporate website was fully updated.

The Audit and Compliance Committee informed the Board promptly on all issues discussed at its meetings during 2021.

6. Principal aspects of the Committee's actions

6.1. Supervision of financial reporting

The Audit and Compliance Committee supervised and checked during 2021 the process of preparing and presenting the statutory (half-year) financial reporting, prior to its assessment and approval by the Board of Directors. After supervision and review, the Committee submitted a proposal to the Board in this regard.

Although no longer obliged by law to present quarterly public reports, the Company has decided to continue presenting the information on evolution of its business to analysts in the first and third quarters of the year. The presentations put together for this are checked by the Committee, not so much because of the contents of that information, but rather because it is responsible for overseeing and monitoring the Group's Policy on Communication and Relations with Shareholders, Institutional Investors and Proxy Advisors and the Policy on Communication of Financial, Non-Financial and Corporate Information.

The Audit and Compliance Committee also supervised and checked the preparation of the Annual Accounts 2020, both the separate accounts of the parent and the consolidated accounts of the Group, which were subsequently approved for issue by the Board of Directors and approved by the Annual General Meeting of the company. The Committee was assisted in this task by the Finance Department and, primarily, by the external auditors of the company and its Group, to ensure an unqualified auditors' report.

In 2021, as in 2020, the Committee participated in defining the planning and strategy for auditing the annual accounts, strictly respecting at all times the independence of the external auditors right from commencement of the audit work, as indicated in the summary of business transacted at the meeting in October 2021.

6.2. Scepticism and promotion of constructive dialogue. Relations with management

Since its meeting on 17 December 2018, the Committee has established a number of measures designed to reinforce the sceptical, critical approach by its members and constructive dialogue at meetings, as recommended in the analysis of the degree of compliance of the Committee's duties and procedures with the CNMV Technical Guide on Audit Committees in Public-Interest Entities, which had been commissioned to an external expert in 2018.

These measures include, among others: (i) setting in advance the agenda for meetings and the supporting documents for the business to be transacted (as per the Annual Work Plan); (ii) the participation of executives at meetings when so required by the business to be transacted; (iii) preparation and delivery to new Committee members of a "welcome pack" giving them a rapid insight into the structure of the Group and key aspects for the Committee (in view of its remit), to make their incorporation in the Committee expeditious and effective; (iv) limitation of the participation by executives in Committee meetings, establishing in any case that all meetings will end with the exclusive presence

of the Committee members (and Secretary) in order to reflect, without the presence of any member of the management, on the business transacted at the meeting or such other matters as it may deem fit; and (v) the holding of meetings prior to the dates scheduled for Board meetings to give members a chance to reflect after the Committee meeting, should they consider this necessary.

Based on these measures, the Committee maintains constructive dialogue with both the external auditors and the Group management, although the attendance of outsiders at Committee meetings is limited to presentation of the business in question and responding to any questions or comments from the Committee members on that business. Following their participation, when it occurs, the outsiders (external auditors, Finance Manager, Chief Audit Officer, COO, etc.) leave the meetings and the Committee discusses the information presented, with total freedom and independence, and adopts the measures and decisions it deems fit in each case.

In addition, at the end of all meetings and with only the Committee members (and Secretary) present, they reflect on any matters within their remit. Whenever those reflections reveal aspects of which management needs to be informed, the Secretary passes on any instructions or comments from the Committee.

6.3. Relations with the external auditors

During 2021, the Committee's relations with the external auditors have, as in previous years, essentially been conducted through: (i) their attendance of Committee meetings where appropriate, according to the business to be transacted; and (ii) the meetings held with the Committee Chair prior to the meetings in which the external auditors were going to participate.

Through those meetings between the Committee Chair and the external auditors, not only has the preparation of Committee meetings improved, but also it has been possible to inform the external auditors in advance on the issues that the Committee considers most important, thus enabling the auditors to address at those meetings the objectives, concerns and expectations of the Committee. In any case, the Committee members may contact the members of the external audit team directly to discuss any matter, should they so deem fit.

Every time the external auditors have attended Committee meetings, they have prepared and sent out to the Committee members (through the Secretary) the relevant supporting documents for the matters that they have presented. At the different meetings, the external auditors have answered any questions or requests raised by Committee members.

6.4. Independence of the external auditors

During 2021, the Committee monitored constantly and thoroughly any aspects that could potentially jeopardise the necessary independence of the external auditors.

In this regard:

- (i) Through the Protocol on non-audit services provided by the external auditors (approved by the Committee in February 2017), the Committee maintains permanent control over any potential contracting to the external auditors of non-audit services. That control is extended not only to those services which, under the laws and regulations currently in place, require pre-approval by the Audit Committee (pursuant to Article 5(3) of the Regulation (EU) No 537/2014), but also any other non-audit services.
- (ii) At its meeting on 23 March 2021, the Committee checked the declaration of independence made by the external auditors and issued a favourable report on their independence, to be submitted to the Board and made available to shareholders together with the notice of call to the Annual General Meeting.
- (iii) At the same meeting, the external auditors presented their special report required by Article 11 under Regulation (EU) No 537/2014.

The increased contact between the Committee (and its Chair) with the external auditors by no means affects the independence of the latter, and both the Committee and the auditors take all necessary measures to guarantee that independence.

6.5. Relations with the internal auditors

During 2021, the Committee monitored the implementation of the Internal Audit Plan approved at the beginning of the year. The Chief Audit Officer informed the Committee on the different work done during the year in accordance with the approved Plan, with only the change mentioned earlier.

The relations of the Audit Committee with the Internal Audit Department are channelled through the checking and approval of the Internal Audit annual work plan and the Chief Audit Officer's attendance of Committee meetings whenever this is considered necessary or convenient.

Furthermore, in 2021 (in compliance with the decision adopted by the Committee in 2020) the Chief Audit Officer has regularly (quarterly) informed the Committee on the degree of progress of the department's scheduled work, thus enabling the Committee, if necessary, to decide on any change in the work pending should circumstances so require or make this advisable.

The work plan for the Internal Audit Department for 2021 was approved by the Committee on 21 December 2020, that approval being stated in a note included in the minutes of the meeting held on 15 December 2020.

With regard to the current year 2022, the Internal Audit Department presented its work plan for 2022 to the Audit and Compliance Committee on 13 December 2021, when it was approved.

6.6. Assistance from external experts

The Committee members are entitled to request external advice on any matters within the Committee's remit whenever they consider this necessary, in accordance with Articles 22.9 and 40.1 of the Regulations of the Board.

The Committee did not seek external advice on any matters during 2021, apart from the assistance provided by the external auditors on matters relating to accounting (impact of the new legal provisions on accounting) and auditing (law on auditing of accounts and non-financial information).

6.7. Risk control and the Internal Control over the Financial Reporting System

Within the measures implemented for monitoring and control of management risks and the internal control over the financial reporting system (ICFR), during 2021 the Committee received the regular reports of the Risk Committee by the stipulated dates, ensuring that it had constant, adequate knowledge of the different risks and important aspects, as well as the measures taken to control and mitigate them. With regard to the ICFR, the Committee monitored during the year the assessment of controls (tests) and updates made by subsidiaries in which testing had been conducted in previous years, receiving timely information on the progress of that work.

On 23 March 2021, the external auditors presented the Audit Committee with their draft ICFR assessment report for 2020 (the final report was issued in April), revealing that the assessments had not detected any inconsistencies or irregularities that could affect the ICFR. This notwithstanding, on 28 April 2021, as in previous years, the external auditors presented their recommendations regarding the internal control processes in place in the Group, intended to reveal any minor inefficiencies detected and propose measures to strengthen the controls over the internal control processes. Those recommendations, which mostly concerned the tools for reporting, verification and consolidation of the Non-Financial Information, were discussed by the Committee, which took the measures it considered necessary to improve and reinforce the controls.

During 2021, the assessment and updating of the management risk map concluded (somewhat later than expected owing to the pandemic), defining the new Top 25 inherent and residual risks. Against this backdrop, and although the detailed description of the principal risks identified in the risk map, contemplated in the Committee's Annual Work Plan, was interrupted in 2020, those actions are expected to continue in 2021 to enhance the knowledge of the principal management risks to which the Group is exposed.

As mentioned when reporting on the business transacted at the different meetings held during the year, the ICFR control testing by the Internal Audit Department, begun in 2019, continued during 2021. The work consisted of: (i) making sure the incidents detected in 2020 (particularly in the subsidiary Riviana) had been remedied, and (ii) expanding testing to other subsidiaries of the Group (specifically, S&B). The Audit Committee's Annual Work Plan for 2022 contemplates continuation of this work (more specifically, follow-up of the measures implemented in S&B and control testing in Garofalo and Boost).

6.8. Corporate Social Responsibility and Sustainability

During 2021, the Audit and Compliance Committee monitored actions in the area of Corporate Social Responsibility, Sustainability and Environment and the extent to which they are aligned with the principles established in the Sustainability, Environment and Corporate Social Responsibility Policy and the Social Action Policy.

In this area, the Committee monitored the principal legal novelties, mainly regarding the Non-Financial Statement, and the degree of progress of the Sustainability Plan “Heading for 2030”.

6.9. Whistleblowing channel

No grievances were reported in 2021 through the whistleblowing (complaints) channel established in the Code of Conduct.

6.10. Annual Work Plan of the Committee for 2022

Following the best corporate governance practices and the recommendations set out in the CNMV Technical Guide on Audit Committees in Public-Interest Entities, the Audit and Compliance Committee approved its Annual Work Plan for 2022 at its meeting on 13 December 2021.

That Annual Work Plan schedules the meetings planned for the year (without prejudice to any extraordinary meetings that may be considered necessary), setting the agenda for each one and the documents to be sent to the Committee members on the business to be discussed at each meeting.

The Annual Work Plan also defines the aspects within the Committee’s remit on which specific work is recommended during the year, and training for Committee members on any new or especially complex matters on which it is considered appropriate to boost the Committee members’ knowledge.

The Annual Work Plan will enable the Committee, at the end of each year (as it did at the meeting on 13 December 2021 in respect of the Annual Work Plan 2021), to assess the degree of compliance with the provisions thereof and, where necessary, take such measures as it may deem fit in respect of any targets not met.

7. Assessment and performance

The Audit and Compliance Committee does not assess its own performance during the year, although the annual assessment of the Board of Directors, its Committees and the Executive Chairman includes aspects corresponding exclusively to the Audit and Compliance Committee. Those aspects are intended to assess both the internal procedures of the Committee (with questions aimed exclusively at its members) and its relations with and counselling of the Board of Directors in matters falling within its remit (with questions aimed at all Directors regarding their perception of the composition, powers, duties, procedures and reporting to the Board by the Audit and Compliance Committee).

In this regard, in the assessment made in 2021 (in respect of 2020) with assistance from an independent external adviser, the assessment of both internal aspects of the Committee and the perception by other directors of its work were satisfactory. However, certain aspects were detected in that process, in respect of which measures could be considered to optimise the functioning of the Committee. Those aspects were discussed at the Committee meeting on 25 October 2021, when it was decided to adopt the measures for improvement considered appropriate, none of which measures have entailed material changes in the organisation and procedures applicable to the Committee's activities.

8. Responsibility for the information contained in the Annual Activity Report of the Audit and Compliance Committee

The Audit and Compliance Committee assumes responsibility for the contents of this Report, approved by the Committee on 28 March 2022. This report will be made available to the company's shareholders and investors within the General Meeting section on the corporate website www.ebrofoods.es coinciding with publication of the notice of call to the forthcoming Annual General Meeting.

Issued in Madrid, on 28 March 2022.

Mercedes Costa García
Chair

Luis Peña Pazos
Secretary

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In the event of any discrepancy between the Spanish and English versions
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