

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

1. Duties and responsibilities

The Nomination and Remuneration 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 requirement imposed on companies by the current Corporate Enterprises Act to have a committee of this nature brought nothing new to the Company, which, as mentioned above, had had a Nomination and Remuneration Committee since 1998.

With regard to its duties, section 529 quidecimes of the Corporate Enterprises Act establishes that, *"without prejudice to any other duties assigned to it by law, the articles of association or, in accordance therewith, the regulations of the board of directors, the nomination and remuneration committee shall have at least the following duties:*

- a) Assess the powers, expertise and experience required in the board of directors. It shall define the duties and skills required of the candidates who are to fill each vacancy and assess the necessary time and dedication for directors to perform their duties effectively.*
- b) Establish a target representation for the gender least represented on the board and draw up guidelines on how to reach that target.*
- c) Propose independent directors for appointment by the board by cooptation or submission of the decision to the general meeting, as well as proposals for the re-election or removal of those directors by the general meeting.*
- d) Inform on nominations for other directors for appointment by cooptation or submission of the decision to the general meeting, as well as proposals for the re-election or removal of those directors by the general meeting.*
- e) Inform on proposals for the appointment and removal of senior executives and the basic terms of their contracts.*
- f) Study and organise the succession of the chairman of the board and CEO of the company and, where appropriate, submit proposals to ensure that the succession is well-planned and made in an orderly fashion.*
- g) Propose the remuneration policy to the board for directors, general managers or any performing senior management duties reporting directly to the board, executive committees or managing directors, as well as the individual remuneration and other terms of contract of the executive directors, overseeing compliance with the policy."*

Article 25.4 of the Regulations of the Board (following the changes made by the Board on 15 December 2021) establishes the following: *"In addition to any other powers*

corresponding to it by law, the Articles of Association or these Regulations, the Committee shall study, issue reports and submit proposals for the Board, at its request, on the following matters:

a) Definition and, where appropriate, revision of the criteria to be followed for the composition and structure of the Board and selection of candidates to join the Board, informing always prior to the appointment of a Director by cooptation or the submission to the General Meeting of any proposal regarding the appointment or removal of Directors.

b) 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; appointment of Directors to the Committees of the Board; and appointment and possible dismissal of senior executives and their termination benefit clauses.

c) Position of the Company regarding the appointment and removal of board members in subsidiaries.

d) Proposal of directors' remuneration, according to the system of remuneration established in the Articles of Association and the applicable Remuneration Policy and the executive directors' relationship with the Company. The Committee shall also inform in advance on: (i) any resolution or proposal of the Board on the 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; (ii) establishment by the Board of the individual remuneration of each Director for their duties as such; and (iii) establishment by the Board of the individual remuneration of each Executive Director for their executive duties pursuant to the Remuneration Policy and the terms of their contract.

e) Supervision of the senior management remuneration and incentives policy, obtaining information and reporting on the criteria followed by the Company's subsidiaries in this respect.

f) Assessment of the principles of the management training, promotion and selection policy in the parent company and, where appropriate, in its subsidiaries.

g) Examination and organisation, as deemed adequate, of the succession of the Chairman and chief executive and, if appropriate, submission of proposals to the Board to ensure that such succession is made in an orderly, well-planned manner.

h) Preparation and proposal of the Annual Report on Directors' Remuneration and the Directors' remuneration policy in accordance with the laws and regulations in place from time to time.

i) Setting targets for the representation of the least represented gender on the Board and issue guidelines on how to achieve them."

2. Composition

The composition of the Nomination and Remuneration Committee is regulated in Article 28.3 of the company's Articles of Association and Article 25.1 of the Regulations of the Board.

As stipulated in Article 28.3 of the Articles of Association, "A Nomination and Remuneration Committee shall also 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 and at least two of them shall be independent directors.

The Board shall appoint one of the independent directors on the Nomination and Remuneration to chair that committee. 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 Committee member designated by the Committee for the specific meeting."

Article 25.1 of the Regulations of the Board establishes that, *"A Nomination and Remuneration Committee shall also 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 and at least two of them shall be independent directors, appointed by the Board pursuant to the law, the Articles of Association and these Regulations."*

The composition of the Nomination and Remuneration Committee from 1 January 2020 up to the date of this report was as follows, with no changes during the year:

- Fernando Castelló Clemente – Chair (independent director)
- Demetrio Carceller – Member (proprietary director)
- Grupo Tradifín, S.L. (Blanca Hernández Rodríguez) - Member (proprietary director)
- Mercedes Costa García – Member (lead independent director)
- Belén Barreiro Pérez-Parto - Member (independent director)

Pursuant to the Regulations of the Board, Luis Peña Pazos, (non-director) Secretary of the Board, is also (non-member) Secretary of the Nomination and Remuneration Committee.

Both the Nomination and Remuneration Committee and the Board of Directors consider the current composition of the Committee adequate. The key qualities of its members include their expertise and experience in corporate governance, human resources strategies, senior management duties and the designing of remuneration plans. In most cases these qualities derive from their extensive business experience in medium and large cap enterprises. The educational qualifications and professional experience of the members of the Nomination and Remuneration Committee can be found on the corporate website www.ebrofoods.es. The current composition of the Committee is also considered to have adequate diversity, both in expertise and experience and in matters relating to gender and the category of Directors. In this regard it is noted that:

- There are currently three women (out of five members, i.e. 60%) on the Committee;
- Most of its members are independent directors (also three out of five, i.e. 60%), in line with the relevant good governance recommendations (Recommendation 47 of the Good Governance Code);
- Although both the proprietary directors on the Committee represent shareholders with a significant interest in the company's capital, they do not have a controlling influence on the management of the company and its Group, which reinforces the necessary independence of this Committee;
- Finally, the lead independent director is a member of the Nomination and Remuneration Committee.

3. Procedure

Pursuant to Article 28.3 of the Articles of Association, *“The Nomination and Remuneration 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.”*

And according to Article 25.3 of the Regulations of the Board, *“The Committee shall meet whenever 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.”*

Furthermore, Article 22 of the Regulations of the Board contains general provisions applicable to all the Committees of the Board.

4. Summary of activities performed during 2021

The Nomination and Remuneration Committee held five (5) meetings in 2021, all attended by the Committee Chairman. Of those meetings, only the one in February 2021 was held exclusively online, owing to the health situation at that time. Fortunately, all the other meetings were in person, although online attendance was also enabled. In any case, the pandemic did not prevent the Committee meetings considered necessary during the year from being held.

The actions taken by the Nomination and Remuneration Committee during the year are summarised below:

- **Meeting of 17 February 2021:**

- The Committee analysed the degree of achievement of the quantitative targets to which the variable remuneration of the executive director, senior executives and other Group employees is tied and agreed to issue a favourable report to the Board on the proposals regarding: (i) the variable remunerations (bonus) for 2020 payable to the executives (including the Executive Chairman) and other Group employees who participate in the bonus scheme; (ii) the fixed remuneration of company directors for their duties as such and attendance fees for meetings in 2020 (to be submitted for approval at the Annual General Meeting 2021); (iii) the fixed remuneration of Group directors and executives for 2021; and (iv) the quantitative and qualitative conditions to which the variable remuneration of executives (including the Executive Chairman) and other Group employees participating in the bonus scheme may be subject in 2021.

The Committee also informed the Board on the remuneration corresponding to the Executive Chairman (as the only Director performing executive duties in the Group) according to the terms of his contract, and the determination of the remuneration corresponding to each of the Directors for their duties as such, pursuant to the points system established in the Remuneration Policy in place at that time.

- It further resolved to recommend the Board to pay the Directors the second instalment of the share in profits corresponding to 2020.
- The Committee noted the need to submit a new Directors' Remuneration Policy to the Annual General Meeting (to be held in June 2021) for the period 2022-2024. For this purpose, the Committee Secretary would conduct special monitoring of the changes in law currently in progress that would affect the legal regulation of remuneration policies for Directors, as far as it was known at that time.
- In addition, the Committee requested the Secretary to obtain at least three bids from independent external consultants to assist in assessing the Board and its Committees during 2020, in line with the relevant good governance recommendations.

- **Meeting of 24 March 2021:**

- The Committee studied and agreed to recommend the Board, with a favourable report, to approve the Report on Directors' Remuneration for 2020, to be put to an advisory vote at the Annual General Meeting 2021 as a separate item on the agenda.

The aforesaid review and favourable report to the Board covered both the individual remuneration of each Director for their duties as such (according to the applicable points system) and the remuneration corresponding to the Executive Chairman according to the terms of his contract.

- The Committee studied and agreed to issue a favourable report to the Board on the information included in the Annual Corporate Governance Report 2020 on remuneration and categories of directors.
- The Committee decided to engage an external specialist selected from among the three bids presented by the Secretary, to conduct the assessment process of the Board and its Committees corresponding to 2020.
- The Nomination and Remuneration Committee Activity Report 2020 was prepared, to be submitted to the Board of Directors. This Report was made available for shareholders coinciding with the call to the Annual General Meeting held in June 2021.

- **Meeting of 24 May 2021:**

- The Committee considered and resolved to submit a proposal to the Board (to be tabled at the Annual General Meeting) for the re-election of the independent directors Mercedes Costa García and Belén Barreiro Pérez-Pardo, both elected Directors for the statutory term of four years at the General Meeting held on 1 June 2017 (hence their appointments were about to expire). For this purpose, the Committee submitted the corresponding proposals and prepared the reports required by law.

Furthermore, if the above-named directors were re-elected, the Committee resolved to submit a favourable report to the Board on their re-election for the positions they held in the Committees they were on and on the re-election of Mercedes Costa García as Lead Independent Director.

Neither of the Directors affected participated in the discussion and vote on this matter.

- The Committee assessed and agreed to submit a favourable report to the Board on the proposed amendment to Article 22 of the Articles of Association concerning the remuneration of Directors, with a view to tabling a motion at the Annual General Meeting to be held in June 2021.
- The Committee assessed and agreed to submit a favourable report to the Board on the amendment of the Directors' Remuneration Policy 2019-2021 to include the review of the remuneration of Directors for their duties as such for 2020 and subsequent years, in pursuance of section 529 septdecies of the Capital Enterprises Act. The Committee issued the corresponding specific report in this regard.
- Anticipating that the remuneration of the directors for their duties as such in 2020 would be approved at the Annual General Meeting in June 2021, the Committee submitted a favourable report to the Board on the final payment of that remuneration. It also informed favourably on the first payment on account of the statutory fixed remuneration of directors for their duties as such for 2021, payable in July 2021.

- Finally, the Committee took note of the progress made in the work of the independent external consultant on the assessment of the Board and its Committees in 2020.

- **Meeting of 29 September 2021:**

- The Committee studied the report prepared by and received from the independent external consultant on the assessment of the Board and its Committees in 2020, observing that the outcome of the assessment was very positive. In addition, in view of the recommendations indicated in that report, the Committee drew up several proposals for action, to be submitted to the Board in connection with each recommendation.
- It was resolved to propose to the Board, with a favourable report, approval of the employee Share Delivery Plan 2021. That Plan, identical to the one in place in previous years, allows employees of the Ebro Group who have their tax residence in Spain, if they so wish, to receive part of their remuneration (up to a limit of 12,000 euros) in shares of Ebro Foods, S.A. This remuneration benefits from special tax treatment, provided they hold on to those shares for at least three years, among other requirements.

- **Meeting of 24 November 2021:**

Since the Director Corporación Financiera Alba, S.A. had notified the Company of its decision to change its representative on the Board, the Nomination and Remuneration Committee assessed the new candidate to be their representative and concluded that said person was suitable, so it issued a favourable report to the Board on the substitution.

5. Principal aspects of the Committee's actions

5.1. Assessment of candidates and proposals for the appointment or ratification of Directors

Whenever it has been appropriate, the Committee has reviewed and issued reports for the Board regarding its composition and the appointment or re-election of directors.

For this purpose, the Committee has analysed the composition and needs of the Board from time to time prior to assessment for the issuance of any report on this matter, as well as ensuring that the proposals submitted conform to the principles set out in the Policy for the Selection of Directors and Diversity in the Composition of the Board approved by the Board of Directors.

In this regard, it is especially worth mentioning the proposal for the re-election of female independent Directors (assessed by the Nomination and Remuneration Committee in April 2021, issuing a favourable report) and the substitution in November 2021 of a woman for the male representative of a corporate Director, which, in line with the good governance recommendations, raised the presence of women on the Board of Directors of the Company to 42.86%, thus overshooting the target set in the Policy for the Selection of Directors and Diversity in the Composition of the Board for the gender least

represented on the Board to account for at least 40% of Board members before the end of 2022.

5.2. Remuneration of directors and executives

As every year, in February (when the financial information for the previous year is practically finalised), the Nomination and Remuneration Committee checked that the quantitative budgets to which the variable remuneration of executives and other Group employees is tied were met (with a view to submitting a proposal to the Board).

In addition to general aspects, the Committee makes a specific analysis of the remuneration of executives who are considered part of the senior management for pay purposes. Essentially, the senior management consists of the Executive Chairman, the Chief Operating Officer (COO), the Secretary of the Board and the Company and the managers of the different business units of the Ebro Foods Group.

Apart from checking the quantitative criteria to which the annual bonus is linked, the Committee examines the aspects affecting the deferred bonus established for certain senior executives, corresponding to the goals established in the three-year strategic plans.

Finally, the Committee assesses and submits to the Board: (i) a proposal for the statutory fixed remuneration of directors for their duties as such; (ii) the review, if necessary, of the fixed remuneration of executives and employees for the following year; and (iii) a proposal to maintain or change, as appropriate, the amounts or criteria for determining the remuneration of executives and employees for the following year. It also submits to the Board its report on: (i) the individual remuneration of the Directors for their duties as such according to the points system contemplated in the Remuneration Policy in place from time to time, and (ii) the individual remuneration corresponding to the Executive Chairman (the only director with executive duties in the Company and its Group) according to the items and criteria established in his contract.

All these aspects were dispatched by the Nomination and Remuneration Committee at its meeting on 17 February 2021.

5.3. Annual assessment of the Board of Directors, the Executive Chairman and the Committees of the Board

The Nomination and Remuneration Committee is responsible for organising the annual assessment of the Board of Directors, its Chairman and its Committees. The Committee generally defines and coordinates the process, which is carried out through the Secretary.

In keeping with the current good governance recommendations, the Nomination and Remuneration Committee received assistance from an independent external consultant to make the assessment in 2021 (regarding the self-assessment of 2020), as it had been three years since the assessment had been made with this kind of external assistance (for the 2017 assessment made in 2018).

For this work, the Committee considered the three bids obtained and resolved that the assessment should be made by the consultants Gobierno Corporativo Abogados, whose manager, Mr Salvado Montejo Velilla, has an excellent reputation in matters of corporate governance. The Committee also ensured the absolute independence of Mr Montejo, who

expressly confirmed that he had no commercial relationship whatsoever with Ebro Foods or any of its Directors or executives, thus establishing his independence in the work to be done.

As mentioned earlier, the assessment report issued by the external consultant was reviewed by the Nomination and Remuneration Committee in September 2021, observing that the outcome of the expert's assessment was very positive and did not reveal any need for major changes in the organisation and procedures applicable to the Board, its Committees or the Executive Chairman. This notwithstanding, the consultant's report contained certain recommendations designed to consolidate even further the very positive evaluation reached. Those recommendations were studied and assessed by the Committee, which submitted certain proposals to the Board in connection with them. At its meeting in September 2021, the Board analysed the assessment report (together with the activity reports of the Committees for 2020) and declared the assessment concluded with a positive outcome. The Board resolved to adopt the measures proposed by the Nomination and Remuneration Committee, with a view to consolidating the very positive assessment results.

5.4. Review of public information on remunerations

Any public information on remunerations is reviewed by the Nomination and Remuneration Committee, which submits whatever proposals it considers appropriate to the Board of Directors.

Each year, the Committee reviews and reports to the Board, with whatever comments it may deem fit, on the following information:

- The contents of the Annual Report on Directors' Remuneration for the previous year;
- The information on remuneration contained in the Annual Corporate Governance Report on the previous year.

5.5. Other actions and external counselling

During 2021, in addition to the actions mentioned above (recurring), the Nomination and Remuneration Committee:

- Submitted to the Board the proposed amendment to the Directors' Remuneration Policy 2019-2021, to bring it in line with the review of the statutory global remuneration of the Board to be distributed among all the Directors for their duties as such;
- Drafted and submitted to the Board of Directors (to be laid before the shareholders at the Annual General Meeting) the new Directors' Remuneration Policy 2022-2024, which was approved at the Annual General Meeting held in June 2021;
- Assessed and informed the Board in advance on the payments to be made to directors of their fixed remuneration for their duties as such corresponding to

both 2020 (paid in full in 2021) and 2021 (partly paid, as an advance payment, during 2021);

- Assessed and resolved to submit a proposal to the Board for approval of an employee Share Delivery Plan 2021.

During 2021, the Nomination and Remuneration Committee requested and obtained assistance from an external consultant for the assessment of the Board of Directors, its Committee and its Executive Chairman, as mentioned earlier.

Furthermore, in line with the provisions of the CNMV Technical Guidelines 1/2019 on Nomination and Remuneration Committees, the attendance by Group executives of Nomination and Remuneration Committee meetings was limited to cases in which this was absolutely necessary. Whenever executives attended meetings, this was strictly for the duration of their report on the appropriate matters and they left the meetings immediately afterwards (thus enabling the Committee to discuss the matters in question with total freedom and independence).

6. Assessment and performance

The Nomination and Remuneration Committee does not assess its own performance during the year, although as mentioned earlier the annual assessment of the Board of Directors, its Committees and the Executive Chairman includes aspects exclusively corresponding to the Nomination and Remuneration 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 Nomination and Remuneration Committee).

In this regard, in the assessment made in 2021 (in respect of 2020), the assessment of the external consultant was very positive.

7. Verification of the degree of compliance with the Policy for the Selection and Diversity of Directors

As mentioned earlier, before analysing any proposals and/or reports regarding the appointment of directors (or representatives of corporate directors) and/or members of the Board Committees, the Nomination and Remuneration Committee checks, together with other aspects, that the candidate is adequate in accordance with the principles established in the Policy for the Selection of Directors and Diversity in the Composition of the Board.

Accordingly and to the extent that the decisions adopted by the Board based on proposals submitted by the Committee have always been favourable, the Nomination and Remuneration Committee considers that the company has complied with that Policy in 2021.

8. Responsibility for the information contained in the Annual Activity Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for the contents of this Report, approved by the Committee on 30 March 2022. This report will be made available to the company's shareholders and investors within the Annual 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 30 March 2022.

Fernando Castelló Clemente
Chair

Luis Peña Pazos
Secretary

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