

## **ANNUAL ACTIVITY REPORT OF THE AUDIT, CONTROL AND SUSTAINABILITY COMMITTEE OF EBRO FOODS, S.A. FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1. Duties and responsibilities**

The Audit, Control and Sustainability 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 Committee was renamed “Audit, Control and Sustainability Committee” by virtue of a resolution adopted by the Board of Directors on 21 December 2022. The new name correctly reflects its competence in the area of sustainability, environment and corporate social responsibility.

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) and Article 24.5 provide that: *“The Audit and Compliance Committee (now the Audit, Control and Sustainability 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 (now the Audit, Control and Sustainability 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 (now the Audit, Control and Sustainability 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 June 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 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 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 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.”*

The composition of the Audit 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 2022 and up to the date of issue of this report, Committee had the following composition:

- Marc Thomas Murtra Millar - Chair<sup>1</sup> (independent director)
- Mercedes Costa García - Member (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)

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

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<sup>1</sup> *Marc Thomas Murtra Millar joined the Committee on 31 January 2022, when he was appointed director by cooptation to fill the vacancy produced by the resignation tendered by the director (and member of this Committee) Pedro Antonio Zorrero Camas on 15 December 2021, with effect from 31 December 2021. Mr Murtra Millar’s appointment by cooptation as director was ratified at the Annual General Meeting held on 29 June 2022. On 23 November 2022, by virtue of a resolution by the Board of Directors and the prior report by the Nomination and Remuneration Committee, Marc T. Murtra Millar was appointed Committee Chair, taking over from Mercedes Costa García, whose term of office as Committee Chair expired as of that date, pursuant to section 529. quaterdecies.2 of the Corporate Enterprises Act.*

The professional profiles of the members of the Committee can be consulted on the corporate website: [www.ebrofoods.es](http://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 Chair, 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 Chair 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 Chair, or acting Chair, 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 Chair, 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 this Committee.

#### **5. Summary of activities performed during 2022**

The Committee held seven (7) meetings in 2022, all attended by the Committee Chair: Mercedes Costa García up to November 2022 and then Marc T. Murtra Millar. The meetings were all held in person, although video conferencing was also enabled.

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

- **Meeting on 24 February 2022:**

- The external auditing (by EY) of the separate and consolidated annual accounts 2021 was reviewed.
- The Committee checked and agreed to issue a favourable report to the Board on the H2 2021 (cumulative) financial report, which included (as management report) the presentation to analysts given after that report had been approved by the Board.
- The Committee received and analysed the report from the Risks Committee on monitoring of the Risk Control Policy and the internal control over the financial reporting system in the second half of 2021.
- The Committee received and analysed the report from the Compliance Unit on monitoring of the main aspects of legal compliance, including the Crime

Prevention Model, the Internal Code of Market Conduct and the Code of Conduct in the second half of 2021.

- The Committee reviewed the related party transactions made by the company during 2021, checking that they had been made on the conditions approved by the Board.
- The Committee drafted and submitted to the Board the Protocol of Related-Party Transactions of the Ebro Group, created in pursuance of the regulation of such transactions included in the Corporate Enterprises Act (*Ley de Sociedades de Capital*), as amended by Act 5/2021 of 12 April.
- 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 28 March 2022:**

- The Committee checked and resolved to submit a favourable report to the Board of Directors on the separate and consolidated annual accounts for the year ended 31 December 2021, following confirmation by the Company and Group auditors and that their auditors' reports would be unqualified.
- The draft report by the auditors on the internal control over the financial reporting system (ICFR) 2021 was reviewed, indicating the absence of any material irregularities.
- The Committee was informed of the favourable review by the external auditors of the Non-Financial Statement.
- The external auditors presented the draft special report required by Article 11 of Regulation (EU) No 537/2014 and section 36 of the Auditors Act.
- A favourable report was issued on the independence of the Company and Group auditors, to be submitted to the Board, based on the letter of independence submitted by the auditors.
- 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 2021 and resolved to submit a favourable report to the Board.
- The Committee was informed on the financial audit made by the Internal Audit Department of the subsidiary Arotz Foods.



- The Committee was informed on the degree of fulfilment of the work contemplated in the Internal Audit Department's Work Plan.
- The Committee's Activity Report for 2021 was issued and approved for submission to the Board.
- The Committee was informed that the Protocol of Related-Party Transactions of the Ebro Group had been put into effect and, based on the information reported by the Compliance Unit, it (i) assessed and analysed the transactions reported by the Direct Related Parties in the initial communication; (ii) confirmed that those transactions, in the broadest possible terms and grouped, would not go above the applicable thresholds for publication and approval by the General Meeting; and (iii) resolved to submit a proposal to the Board for the approval of those transactions.
- The non-audit services contracted with the external auditors, EY, since the previous Committee meeting were put on record in accordance with the applicable Protocol, mentioned above.

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

- **Meeting on 26 April 2022:**

- The Committee took note and submitted a favourable report to the Board on the correction of the periodic public reporting corresponding to H2 (cumulative) 2021 (already approved and published) required by the CNMV to adjust it to the Annual Financial Report 2021 (already authorised for issue and published).
- The Committee checked and agreed to issue a favourable report to the Board on the Q1 2022 earnings presentation to analysts.
- The appropriate monitoring was made of the Group's CSR and Sustainability Policy. The Group CSR Report 2021 was presented and the Committee: (i) was informed of the most important work and degree of progress in 2021 regarding the targets set in the Sustainability Plan "Heading for 2030", and (ii) resolved to submit a report to the Board in favour of approving that report.
- The Chief Audit Officer presented his department's report on the results of the ICFR control testing at the Belgian subsidiary Boost.
- The Protocol of Related-Party Transactions was monitored and, based on the information reported by the Compliance Unit, the Committee (i) assessed and analysed the transactions reported by the Direct Related Parties since the last meeting; (ii) confirmed that those transactions, in the broadest possible terms and grouped, would not go above the applicable thresholds for publication and approval by the General Meeting; and (iii) resolved to submit a proposal to the Board for the approval of those transactions.

- The Committee was informed on the detailed monitoring by the Risks Committee of the evolution of inflation in the international situation prevailing at that time as a result of the Ukraine war.
- The non-audit services contracted with the external auditors, EY, since the previous Committee meeting were put on record in accordance with the applicable Protocol, mentioned above.

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

- **Meeting on 20 May 2022:**

- The Committee was informed by the external auditors, EY, on their recommendations regarding the internal control processes, and additional measures were identified and assessed to reinforce the aspects (not material) considered appropriate.
- The Committee was informed by the external auditors, EY, of: (i) the final fees for their audit of the 2021 accounts after conclusion of the work, and (ii) the proposed fees for their audit of the 2022 accounts.
- EY provided technical training (review of the Non-Financial Statement) on the changes in law regarding Non-Financial and Sustainability Reporting.
- In pursuance of the applicable Protocol (mentioned earlier), 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 of 26 July 2022:**

- The Committee checked and resolved to submit a favourable report to the Board on the periodic financial reporting on H2 2022, including the presentation to analysts (which corresponds to the management report of the half-year report).
- The Committee considered the proposed fees submitted by the external auditors, EY, for auditing the separate and consolidated annual accounts 2023 and resolved to submit that proposal, together with a favourable report, to the Board for approval.
- The Committee discussed and resolved to commence the tender to select new auditors in the first quarter of 2023.
- The Protocol of Related-Party Transactions was monitored and, based on the information reported by the Compliance Unit, the Committee (i) assessed and analysed the transactions reported by the Direct Related Parties since the last

meeting; (ii) confirmed that those transactions, in the broadest possible terms and grouped, would not go above the applicable thresholds for publication and approval by the General Meeting; and (iii) resolved to submit a proposal to the Board for the approval of those transactions.

- The Internal Audit Department presented its report on the financial audit of the Italian subsidiary Geovita.
- The Internal Audit Department also presented its report on the analysis of CAPEX investments in 2019.
- The Committee analysed the degree of progress of the work included in the annual Work Plan of the Internal Audit Department.
- In pursuance of the applicable Protocol (mentioned earlier), 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 22 October 2022:**

- The Committee heard the report presented by the external auditors, EY, on their preliminary work to define the audit strategy for annual accounts 2022.
- Training was given (by the auditor checking the Non-Financial Statement - EY-) on the evolution of regulation of non-financial reporting.
- The Committee checked and agreed to issue a favourable report to the Board on the Q3 2022 earnings presentation to analysts.
- The Committee was informed and analysed the report by the Risks Committee on monitoring of the Risk Control Policy and the internal financial control system corresponding to H1 2022.
- The Committee was informed and analysed the report by the Compliance Unit on the monitoring of the principal aspects of legal compliance, including the Crime Prevention Model, the Internal Code of Market Conduct, the Code of Conduct and the Protocol of Related-Party Transactions, corresponding to H1 2022.
- The Protocol of Related-Party Transactions was monitored and, based on the information reported by the Compliance Unit, the Committee (i) assessed and analysed the transactions reported by the Direct Related Parties since the last meeting; (ii) confirmed that those transactions, in the broadest possible terms and grouped, would not go above the applicable thresholds for publication and approval by the General Meeting; and (iii) resolved to submit a proposal to the Board for the approval of those transactions.

- The Committee was informed on the report presented by the Internal Audit Department on the ICFR control testing done at the Italian subsidiary Garofalo.
- The Committee analysed the degree of progress of the work included in the annual Work Plan of the Internal Audit Department.
- A theoretical presentation was given on the risks identified in respect of the Group's information technologies and the mitigation measures implemented by the Group in this area.
- In pursuance of the applicable Protocol (mentioned earlier), 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 20 December 2022:**

- The Committee was informed on the progress of the preliminary work by the Company and Group external auditors on the audit of the separate and consolidated accounts 2022.
- The Sustainability Plan "Heading for 2030" and the material aspects of CSR and Sustainability in 2022 were monitored.
- The Internal Audit Department presented its report on the financial audit made at the Portuguese subsidiary Arrozeiras Mundiarroz and the report on the limited audit of certain specific aspects at Riviana.
- The Committee assessed the degree of fulfilment of the annual work plan of the Internal Audit Department for 2022, confirming that all the scheduled work had been done.
- The annual work plan of the Internal Audit Department for 2023 was presented and approved.
- The Committee reviewed and positively assessed the degree of fulfilment of its own Annual Work Plan for 2022 and approved the Plan for 2023.
- The Committee was informed on the functioning of the whistleblowing channel during 2022, in which there was no activity during the year.
- The application of the Group's Codes and Policies falling within the Committee's remit were monitored and supervised, checking that they had all been applied and duly followed during 2022.
- The Committee reviewed and agreed to submit a favourable report to the Board on the proposal for an ordinary dividend against the 2022 profits, payable in 2023.

- The Protocol of Related-Party Transactions was monitored and, based on the information reported by the Compliance Unit, the Committee (i) assessed and analysed the transactions reported by the Direct Related Parties since the last meeting; (ii) confirmed that those transactions, in the broadest possible terms and grouped, would not go above the applicable thresholds for publication and approval by the General Meeting; and (iii) resolved to submit a proposal to the Board for the approval of those transactions.

Furthermore, based on the report issued by the Compliance Unit, the Committee confirmed that there were certain aspects of the Protocol subject to improvement. Accordingly, a proposed revision of the Protocol would be presented to the Committee during 2023 by the Compliance Unit.

- In pursuance of the applicable Protocol (mentioned earlier), 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 Committee informed the Board promptly on all issues discussed at its meetings during 2022.

## **6. Principal aspects of the Committee's actions**

### **6.1. Supervision of financial reporting**

The Committee supervised and checked during 2022 the process of preparing and presenting the statutory (half-year and annual) 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.

The Committee also supervised and checked the preparation of the Annual Accounts 2021, 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 shareholders at 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 2022, as in 2021, 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 on 22 October 2022.

### **6.2. Oversight of information communicated to the market**

After the legal obligation to present quarterly public reports was repealed, the Company 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 the contents of that information might be

considered financial information, but rather because the Committee 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 of the Group).

### **6.3. 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 once the business within their specific remit has been discussed, 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.

### **6.4. Relations with the external auditors**

During 2022, 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 prior to the meetings in which the external auditors were going to participate with the

Committee Chair (Mercedes Costa García up to November 2022 and then Marc T. Murtra Millar).

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

In addition, at the Committee's proposal, in 2022 the external auditors attended the Board meeting at which the Annual Accounts 2021 were authorised for issue, in order to present directly to the directors their conclusions on the audit made.

#### **6.5. Independence of the external auditors**

During 2022, 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 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 30 March 2022, 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 (through its Chair) and 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.

## **6.6. Relations with the internal auditors**

During 2022, 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 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 2022 (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 2022 was approved by the Committee on 13 December 2021.

With regard to the current year 2023, the Internal Audit Department presented its work plan for 2023 at the Committee meeting held on 20 December 2022, when it was approved.

## **6.7. 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 2022, apart from the assistance provided by the external auditors regarding forthcoming changes in the laws on Non-Financial and Sustainability Reporting.

## **6.8. 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 2022 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 30 March 2022, the external auditors presented the Committee with their draft ICFR assessment report for 2021, revealing that the assessments had not detected any inconsistencies or irregularities that could affect the ICFR. This notwithstanding, on 20 May 2022, 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.

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 2022.

#### **6.9. Compliance, Crime Prevention Model and other compliance-related matters**

In 2022, with assistance from the Compliance Unit, the Committee carried out its six-monthly monitoring of the principal compliance matters, including the Spanish Crime Prevention Model. For this purpose, the reporting received from the Spanish companies in the Group in respect of crime prevention was analysed at the meetings in February and October.

For 2023, the Committee requested the Compliance Unit to extend this monitoring to the foreign companies of the Group that have implemented crime prevention schemes or models in accordance with their local laws.

#### **6.10. Related-party transactions**

In February 2022, the Committee prepared and submitted to the Board for approval, together with a favourable report, the Protocol of Related-Party Transactions of the Ebro Group, to adjust the rules on those transactions to the new regulations established in the Corporate Enterprises Act, as amended by Act 5/2021 of 12 April.

After the Protocol was approved and implemented, during 2022 the Committee has, with assistance from the Compliance Unit: (i) reviewed the related-party transactions detected, assessing whether they are reasonable from the point of view of the market and the Group's interest, and (ii) checked the amounts of those transactions to identify immediately any need to submit them for publication or approval by the General Meeting (according to the legally applicable thresholds). The conclusions of that monitoring have been passed on to the Board for its approval of the transactions.

#### **6.11. Corporate Social Responsibility and Sustainability**

During 2022, the 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 addition, the Committee received specific training on the changes to the laws on sustainability and non-financial reporting.

#### **6.12. Whistleblowing channel**

No grievances were reported in 2022 through the whistleblowing (complaints) channel established in the Code of Conduct.

### **6.13. Codes and Policies**

The Committee monitored and supervised the application of the Group's Codes and Policies falling within its remit and checked that they were all duly applied in 2022.

### **6.14. Annual Work Plan of the Committee for 2023**

Following the best corporate governance practices and the recommendations set out in the CNMV Technical Guidelines on Audit Committees in Public-Interest Entities, the Committee approved its Annual Work Plan for 2023 at its meeting on 21 December 2022.

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 20 December 2022 in respect of the Annual Work Plan 2022), 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 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 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 Committee).

In this regard, in the self-assessment made in 2022 (in respect of 2021), both the internal aspects of the Committee and the perception by other directors of its work were found to be satisfactory.

However, during that assessment process it was considered convenient to inform the Board of Directors of the change of name of the Audit and Compliance Committee to include an express reference to its duties regarding the control and management of risks, sustainability, the environment and corporate social responsibility. At its meeting on 21 December 2022, the Board resolved to rename the Audit and Compliance Committee as the Audit, Control and Sustainability Committee.

**8. Responsibility for the information contained in the Annual Activity Report of the Audit, Control and Sustainability Committee**

The Audit, Control and Sustainability Committee assumes responsibility for the contents of this Report, approved by the Committee on 28 March 2023. 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](http://www.ebrofoods.es) coinciding with publication of the notice of call to the forthcoming Annual General Meeting.

Issued in Madrid, on 28 March 2023.

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Marc T. Murtra Millar  
Chair

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Luis Peña Pazos  
Secretary

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