

REPORT BY THE BOARD OF DIRECTORS OF EBRO FOODS, S.A. REGARDING THE PROPOSAL TO APPOINT ERNST & YOUNG, S.L. AUDITORS OF EBRO FOODS, S.A. AND ITS CONSOLIDATED GROUP FOR THE YEARS 2024, 2025 AND 2026.

1. Introduction.

At the Annual General Meeting held on 6 June 2023, the shareholders resolved to re-appoint the audit firm Ernst & Young, S.L. to audit the accounts of Ebro Foods, S.A. (“**Ebro**” or the “**Company**”) and its Consolidated Group for 2023. That was the tenth consecutive year that the accounts had been audited by that firm and, as such, marked the end of the maximum duration of their engagement pursuant to section 40 of the Auditors Act 22/2015 of 20 July and Article 17 of Regulation (UE) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (“**Regulation 537/2014**”).

Therefore, as it is necessary to appoint a new auditor for 2024 and the following years, the Audit, Control and Sustainability Committee launched in 2023 the corresponding selection procedure, following the criteria established in Article 16.3 of Regulation 537/2014 (to which section 40.3 of the Auditors Act expressly refers).

After completion of the procedure and evaluation of the different proposals analysed therein, on 25 July 2023 the Audit, Control and Sustainability Committee submitted to the Board of Directors of the Company its recommendation and preference for re-appointing Ernst & Young, S.L. auditor of the Company and its consolidated Group for the years 2024, 2025 and 2026.

On 26 July 2023, the Board of Directors resolved, in accordance with the recommendation and preference of the Audit, Control and Sustainability Committee, to propose to the General Meeting of shareholders of the Company that Ernst & Young, S.L. be re-appointed auditor of the Company and its consolidated Group for the years 2024, 2025 and 2026.

2. Legal and regulatory aspects.

The aforesaid proposal is based on the following legal provisions:

- (i) Auditors Act section 40.1, as amended by final provision 22 of Act 31/2022 of 23 December, provides as follows:

“The provisions of Article 17 of Regulation (EU) No 537/2014 of 16 April shall be applied in relation to the duration of the audit engagement, particularly the terms of paragraphs 3, 5, 6 and 8. Furthermore, the minimum duration of the initial term of engagement of auditors in public interest entities may not be less than three years, while the total term of their engagement, including renewals, may not exceed the maximum duration of ten years established in Article 17 of that Regulation. This notwithstanding, after the expiry of the maximum duration of engagement of a statutory auditor or audit firm, that engagement may be extended up to a maximum of fourteen years, provided the same auditor or audit firm has been engaged

simultaneously with another or other auditors or audit firms to act jointly during the additional period, or up to ten years if a public tender is held for the statutory audit, pursuant to Article 16(2) - 16(5) of Regulation (EU) No 537/2014 of 16 April...”

(ii) Article 16(2), 16(3) and 16(5) of Regulation 537/2014, which provide as follows:

“2. The audit committee shall submit a recommendation to the administrative or supervisory body of the audited entity for the appointment of statutory auditors or audit firms.

Unless it concerns the renewal of an audit engagement in accordance with Article 17(1) and 17(2), the recommendation shall be justified and contain at least two choices for the audit engagement and the audit committee shall express a duly justified preference for one of them.

In its recommendation, the audit committee shall state that its recommendation is free from influence by a third party and that no clause of the kind referred to in paragraph 6 has been imposed upon it.

3. Unless it concerns the renewal of an audit engagement in accordance with Article 17(1) and 17(2), the recommendation of the audit committee referred to in paragraph 2 of this Article shall be prepared following a selection procedure organised by the audited entity respecting the following criteria:

- a) the audited entity shall be free to invite any statutory auditors or audit firms to submit proposals for the provision of the statutory audit service on the condition that Article 17(3) is respected and that the organisation of the tender process does not in any way preclude the participation in the selection procedure of firms which received less than 15% of the total audit fees from public-interest entities in the Member State concerned in the previous calendar year;*
- b) the audited entity shall prepare tender documents for the attention of the invited statutory auditors or audit firms. Those tender documents shall allow them to understand the business of the audited entity and the type of statutory audit that is to be carried out. The tender documents shall contain transparent and non-discriminatory selection criteria that shall be used by the audited entity to evaluate the proposals made by statutory auditors or audit firms;*
- c) the audited entity shall be free to determine the selection procedure and may conduct direct negotiations with interested tenderers in the course of the procedure;*
- d) where, in accordance with Union or national law, the competent authorities referred to in Article 20 require statutory auditors and audit firms to comply with certain quality standards, those standards shall be included in the tender documents;*

- e) *the audited entity shall evaluate the proposals made by the statutory auditors or the audit firms in accordance with the selection criteria predefined in the tender documents. The audited entity shall prepare a report on the conclusions of the selection procedure, which shall be validated by the audit committee. The audited entity and the audit committee shall take into consideration any findings or conclusions of any inspection report on the applicant statutory auditor or audit firm referred to in Article 26(8) and published by the competent authority pursuant to point (d) of Article 28;*
- f) *the audited entity shall be able to demonstrate, upon request, to the competent authority referred to in Article 20 that the selection procedure was conducted in a fair manner.*

The audit committee shall be responsible for the selection procedure referred to in the first subparagraph.

For the purposes of point (a) of the first subparagraph, the competent authority referred to in Article 20(1) shall make public a list of the statutory auditors and the audit firms concerned which shall be updated on an annual basis. The competent authority shall use the information provided by statutory auditors and audit firms pursuant to Article 14 to make the relevant calculations.

(...)

5. The proposal to the general meeting of shareholders or members of the audited entity for the appointment of statutory auditors or audit firms shall include the recommendation and preference referred to in paragraph 2 made by the audit committee or the body performing equivalent functions.

If the proposal departs from the preference of the audit committee, the proposal shall justify the reasons for not following the recommendation of the audit committee. However, the statutory auditor or audit firm recommended by the administrative or supervisory body must have participated in the selection procedure described in paragraph 3. This subparagraph shall not apply where the audit committee's functions are performed by the administrative or supervisory body.”

Therefore, in pursuance of that regulation and owing to expiry of the maximum duration of the auditor’s engagement (10 years), a selection procedure is required, to be organised and directed by the Audit, Control and Sustainability Committee in accordance with the criteria established in Regulation 537/214. At the end of that procedure, the aforesaid Committee must submit its reasoned recommendation, which will contain at least two alternatives for said engagement, and state its preference for one of them, duly justifying that preference.

3. Selection procedure.

3.1. Tender

In accordance with the afore-mentioned legal provisions, the Audit, Control and Sustainability Committee of the Company drew up and approved on 28 March 2023 the tender specifications for audit services for the years 2024, 2025 and 2026 (“**Specifications**”), resolving to launch the selection procedure by sending invitations to tender to five reputed audit firms.

The Specifications contained the necessary provisions for adequate regulation of the tender, guaranteeing that all the firms invited would participate on equal terms in the tender.

The selection procedure regulated in the Specifications complied with all the criteria established in Article 16(3) of Regulation 537/2014. Two of the audit firms invited were included in the latest list of statutory auditors and audit firms published by the Accounting and Audit Institute that received less than 15% of their total audit fees from Spanish public-interest entities in the previous calendar year.

Together with the invitations to tender, all the firms invited were sent a confidentiality agreement, requiring them to send it back, duly completed and signed, together with their acceptance, if appropriate, of participation in the procedure.

The five audit firms invited confirmed their interest in participating in the procedure.

3.2. Shortlist

As indicated in the Specifications, once the invited firms had examined the information provided and received the further explanations that they had requested, they all submitted their proposals for audit services and fees in due time and form.

The Selection Team contemplated in the Specifications made an initial examination of the proposals and submitted their evaluation to the Audit, Control and Sustainability Committee, proposing a shortlist of three candidates, who should present their respective proposals in person to that Committee. The Audit, Control and Sustainability Committee reviewed the work done by the Selection Team and heard the presentations given by the three audit firms indicated by that Team at two subject-specific meetings held on 4 and 6 July.

3.3. Assessment

After hearing those proposals and in accordance with the evaluation criteria established in the Specifications, the Audit, Control and Sustainability Committee resolved on 25 July 2023 to submit to the Board of Directors its reasoned recommendation of two alternatives for the engagement, stating its preference for one of them and justifying that preference.

After being informed of the selection procedure conducted, the two alternatives recommended by the Audit, Control and Sustainability Committee and the preference indicated by that Committee (and justification thereof), the Board resolved, in accordance

with the preference stated by the Committee, to table a motion at the Annual General Meeting to be held in 2024 to re-appoint ERNST & YOUNG, S.L. auditor of the Company and its consolidated Group for the years 2024, 2025 and 2026.

4. Conclusion.

In accordance with the applicable legal provisions, the Company has, under the responsibility and leadership of the Audit, Control and Sustainability Committee, conducted a selection procedure following the criteria established in Regulation 537/2014, which concluded with: (i) the submission by that Committee of its reasoned recommendation of two alternatives for the engagement, (ii) its justified preference for one of those alternatives and (iii) approval by the Board of the proposal to re-appoint ERNST & YOUNG, S.L. auditor of the Company and its consolidated Group for the years 2024, 2025 and 2026, in keeping with the justified preference indicated by the Audit, Control and Sustainability Committee.

5. Proposed resolution drawn up by the Board of Directors to be tabled at the General Meeting of shareholders.

“Appointment of Ernst & Young, S.L. as auditor of Ebro Foods, S.A. and its consolidated Group for the years 2024, 2025 and 2026.

- To appoint Ernst & Young, S.L., with tax registration number B-78970506 and registered office at Plaza Pablo Ruiz Picasso, s/n, Madrid, auditors of Ebro Foods, S.A. and its consolidated Group for a period of three (3) years, to audit the annual accounts and management reports of Ebro Foods, S.A. and its consolidated Group for the years ending 31 December 2024, 2025 and 2026.

- To expressly delegate to the Board of Directors the necessary powers, including the power to delegate, so that it may, based on a proposal by the Audit, Control and Sustainability Commission, make and enter into the appropriate services contract with Ernst & Young, S.L. as external auditor and stipulate the terms and conditions of their engagement and such remuneration as may be deemed fit, making any necessary amendments under the laws applicable from time to time.”

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