

## ◁ SUSTAINABILITY REPORT

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## CHAIRMAN'S STATEMENT

Antonio Hernández Callejas.

DEAR SHAREHOLDERS:

It is a pleasure to present our third Annual Sustainability Report, in which we set out the criteria, policies and actions developed by the Group to contribute as efficiently as possible to the sustainable growth of our company and meet the commitments we have undertaken to all our stakeholders. This year, apart from following the guidelines and recommendations made by the Spanish Global Compact Association (ASEPAM), we have included the new indicators established in the G3 Sustainability Reporting Guidelines published by the *Global Reporting Initiative* (GRI). As a result, we include fuller information on environment and human resources and undertake to maintain this improvement throughout 2009.

Moreover, having signed the United Nations Global Compact (<http://www.unglobalcompact.org>) and being members of the Spanish Global Compact Association (ASEPAM), in 2008 we presented our Progress Report for the previous year, a document describing the progress made by Ebro Puleva in implementing the ten principles upheld by the Global Compact.



In 2008 our company achieved extraordinary results, we created value, which we generated and transferred to all our business areas and all our employees, customers, shareholders, environment and society in general. The strategy, policies and management implemented have helped to create stable, quality employment within our company, constant care of our consumers through the running of healthy habits campaigns and the launching of new products that contribute towards health care, conservation of the environment, social and economic development and well being in the geographical regions in which we operate or which are affected by our operations.

In the area of social action, the Ebro Puleva Foundation has continued working on cooperation programmes for development in Morocco, Vietnam, Malawi, Sierra Leone and Eritrea, while promoting initiatives to improve the social integration of certain groups at risk of marginalization and to assist and enhance the social and economic progress of underprivileged groups in the parts of Spain where the Group is most firmly established.

We have applied measures in human resources designed to the incorporation of the disabled in employment and fulfilment of the objectives laid down in the Social Integration of the Disabled Act, while stimulating the professional furtherance of our employees, providing more than 42,000 hours of training during the year. Efforts to prevent occupational hazards have been stepped up, with favourable results. For example, our dairy division closed the year with an occupational accident rate of 5.62%, well below the sector average of 10.12%.

With regard to environmental management, we have obtained new certificates under the ISO 14001 standards, investing almost one and a half million euro in programmes designed to help preserve the environment.

One of our most important commitments continues to focus on our customers and consumers, endeavouring to offer them differentiated, healthy food, based on strict quality and safety standards. With this goal on the horizon, we have invested in important R+D+I work, embarking on new projects, such as Pronaos, scientific research aiming to develop a generation of functional foods that contribute towards weight control and the

prevention of obesity, and launching new products enriched with fibre, calcium, vitamins, etc., with significant health benefits. We have also obtained new quality certificates under the ISO 9001 standards and the International Food Standard (IFS) protocol.

In short, during 2008 we continued to demonstrate our concern for a socially responsible management and fulfilment of our commitment to the ten principles of the Global Compact on human rights, labour standards, environmental responsibility and anti-corruption. This Social Responsibility Report includes a detailed description of all these actions; it is an important tool for communication with all our stakeholders and a further means of expressing our vocation to transparency.



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## INTRODUCTION

This Code of Conduct is a step forward along the road on which Ebro Puleva set out in 2003 when it approved the first Code of Ethics regulating the relations between the company and its principal stakeholders. The Code also shows the firm commitment acquired by the Group on signing the UN Global Compact (<http://www.unglobalcompact.org>) to fully implementing the ten principles of conduct and action promoted on Human Rights, Environment, Labour Standards and Anti-Corruption. On signing the Global Compact, Ebro Puleva undertook to progressively develop initiatives to enable the full implementation of these ten principles in our management, while at the same time informing our employees and the society of the progress we are making.

In this sense, and with a view to creating a standardisation tool to guarantee compliance, the provisions of this Code of Conduct regulate the events contemplated in the ten principles, namely:

1. Businesses should support and respect the protection of internationally proclaimed human rights, within their area of influence.
2. Businesses should make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.
5. Businesses should uphold the effective abolition of child labour.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against all forms of corruption, including extortion and bribery.

## SCOPE OF APPLICATION

This Code sets out the principles and standards defining the Group's conduct to guarantee a correct development of its relations with its principal stakeholders: shareholders, employees, customers, suppliers and the society.

The Code is applicable to all the companies in the Ebro Puleva Group, binding on all their employees and extensive to any individuals or undertakings related with the Group whenever this may be necessary to ensure full compliance with the principles set out in the UN Global Compact.

Within the framework of relationships with the workforce, the Code regulates both the obligations of the organisation to its employees and the obligation of the latter to comply with the aforesaid principles, as members of the Group.

This Code also lays down the minimum guidelines to be observed by each of the persons to which it is applicable, regardless of whether there are additional legal provisions or smaller legal requirements in place in the country in which each one is based.



## MISSION, VISION AND VALUES

The mission of the Ebro Puleva Group is to research, create, produce and put on the market foods with a high value added, which meet the nutritional requirements of the society while enhancing their health and well-being.

Our vision is to be leader in the meal solutions sector, with the aim of providing consumers with the best possible food solutions in terms of functionality, health, convenience and pleasure, achieved through constant innovation geared towards meeting the demands of the market. And we aim at leadership in that sector in Europe, North America and the countries in the “hot banana” area, focusing with numerous own brands on the retail channel, without relinquishing our industrial activity which has a higher value added.

The values upheld in the conduct of the Ebro Puleva Group are: leadership, transparency, service vocation, honesty, integrity, respect and commitment to our shareholders and the environment.

## GENERAL COMPANY RULES

The policy of the Ebro Puleva Group goes beyond mere compliance with all the laws and regulations applicable to each business and requires:

- ◁ Not making decisions without considering their ethical value.
- ◁ Having the courage to reject unethical alternatives, just as others are rejected on the grounds of being economically unviable.
- ◁ Taking into account the side effects of each action.
- ◁ When making decisions, considering the groups involved and respecting their rights.
- ◁ Harmonising ethical requirements with other achievements.
- ◁ Seeking at all times the maximum credibility possible.
- ◁ Abstaining from abuse of the Ebro Puleva Group's market position. There is no problem in mentioning the advantages deriving from our position, achieved through the legitimate success of our businesses, but without imposing them on other persons or organisations.
- ◁ Involving executives and employees in actions to improve the future yield of the company.
- ◁ Continuous training of executives and employees as the basis for achieving leadership and adapting expeditiously to changing circumstances.

## RELATIONS WITH SHAREHOLDERS

- ◁ The Ebro Puleva Group undertakes to achieve for its shareholders not only the highest possible profit but also a sustained profit.
- ◁ The Ebro Puleva Group is obliged to provide its shareholders promptly, fairly and transparently with all information directly or indirectly affecting the development of the company.
- ◁ The Ebro Puleva Group will respect and protect the minority shareholders' rights, prohibiting any unfair or abusive use of insider or price-sensitive information.

## RELATIONS WITH EMPLOYEES

The Ebro Puleva Group is firmly committed to respect and protection of the fundamental human and labour rights within its working environment. In this regard:

- ◁ The principles established in the Universal Declaration of Human Rights adopted and proclaimed by the General Assembly of the United Nations in 1948 will be respected in all relations between the companies of the Ebro Puleva Group and their employees.
- ◁ The Ebro Puleva Group will not employ anyone under legal age and rejects any form of direct or indirect child labour.
- ◁ Forced, compulsory labour is not permitted in any company in the Ebro Puleva Group.
- ◁ All employees of the Ebro Puleva Group are fully entitled to collective bargaining and trade union association.
- ◁ No employee of the Ebro Puleva Group will suffer discrimination in employment by reason of sex, race, disability or religion.
- ◁ The Ebro Puleva Group will not tolerate any form of harassment or abuse and will establish the necessary mechanisms in each of its companies to detect and report such behaviour.
- ◁ The Ebro Puleva Group will ensure the integrity and safety of its employees in their respective jobs through an advanced Occupational Hazard Prevention Policy.

## RELATIONS WITH SUPPLIERS

- ◁ Suppliers must comply with the respect and protection of fundamental human and labour rights at work and apply the same provisions as the Ebro Puleva Group in its relations with employees.
- ◁ The suppliers of the Ebro Puleva Group must have a policy for Respect and Conservation of the Environment and encourage the development and sharing of environmental-friendly technologies.
- ◁ Suppliers must allow inspections by both the Ebro Puleva Group and authorised third parties to check full compliance of the previous two principles.
- ◁ Fair treatment of all suppliers is a basic principle.
- ◁ When choosing suppliers, all the relevant factors should be given unbiased consideration, regardless of the size of the purchase or service.
- ◁ Influences seeking favourable treatment must be avoided. No group employee may receive gifts from suppliers or manufacturers of products consumed within the company, in the form of money, services or items, promotional or otherwise, with a high value or reasonably exceeding the habitual compliments. In the same way, the company will avoid giving gifts that could make our suppliers uncomfortable or be misinterpreted by third parties.
- ◁ The prices and other information given by suppliers are confidential and must not be used outside the Ebro Puleva Group, unless authorised in writing.
- ◁ It is essential for suppliers competing for contracts with the Ebro Puleva Group to trust the integrity of our selection process.

## RELATIONS WITH CONSUMERS AND CUSTOMERS

- ◁ The first ethical duty of the Ebro Puleva Group to its consumers and customers is to maintain close contact and ensure permanent quality control of its products and services through the implementation of a stringent Food Quality and Safety Policy.
- ◁ In accordance with the recommendations made by the different departments of health of the countries in which it operates, the Ebro Puleva Group is firmly committed to the fight against obesity and to offering food products that help to improve consumers' health and well being.
- ◁ The Ebro Puleva Group strives to seek maximum transparency in reporting and credibility, endeavouring to maintain a high degree of trust among our consumers and clients, by paying special attention to personal relations and respecting rivals.
- ◁ Information concerning clients is always confidential.

## RELATIONS WITH THE MEDIA

- ◁ No Ebro Puleva employees may supply any information on the company to the media without first informing and obtaining authorisation from the Ebro Puleva Communications Department, which is responsible for media relations.
- ◁ Unless expressly authorised, no Ebro Puleva employees may use or disclose information to third parties on the company, executives or colleagues for their own benefit or if this might damage the reputation of the company or its members.

## RELATIONS WITH THE ENVIRONMENT

- ◁ The Ebro Puleva Group is firmly committed to respect and preservation of the environment. It has adopted an ambitious environmental policy, which it updates constantly as new circumstances arise.
- ◁ The Group constantly develops and informs on environmental-friendly technologies.

## FIGHT AGAINST CORRUPTION AND BRIBERY

- ◁ The Ebro Puleva Group undertakes to eradicate any form of corruption within the company, including extortion and crime
- ◁ No employee or collaborator of the Ebro Puleva Group will attempt to unduly influence the government authorities or civil servants, or consider obtaining any favours from any political party.
- ◁ Any employee of the Ebro Puleva Group may inform the Audit and Compliance Committee of the Board of Directors, being guaranteed absolute confidentiality, of any potentially important irregularities that may be observed within the company.



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Our employees are the most valuable strategic asset we have to achieve success in all our activities; we have got to where we are today thanks to their organisation, enthusiasm and identification with the Group's business culture and with their cooperation we will continue making satisfactory progress in our business project.

Bearing this in mind, we endeavour to make our employees feel part of the organisation, paying special attention to their professional development, motivation, integration and safety, while promoting equal opportunities and non-discrimination, informing them of their right to collective bargaining and to create and belong to trade unions. We are true to our commitment to foster the reconciliation of work and family, favouring maternity and paternity leave ensuring that this has no adverse bearing on their job opportunities or working conditions and does not affect access by men or women to positions of special responsibility.

Our Human Resources Policy is based on the following foundations:

- ◀ Occupational hazard prevention.
- ◀ Management and development of talent.
- ◀ Creation of stable, quality employment.
- ◀ Implementation of pay policies based on criteria of individual recognition and furtherance.
- ◀ Participation in management.
- ◀ Internal communication.

## OUR WORKFORCE IN FIGURES

	Average headcount	Employees with non-term contracts	Average seniority (years)	No. persons promoted during the year	Total salary expense (thousand euros)
Holding	40	98%	9.3	6	4,937
Rice division	2,324	84%	10	65	65,197
Pasta division	2,170	91%	15.6	103	68,208
Dairy division	1,068	89%	14.2	52	46,529
Others	227	87%	4.9	8	3,025
<b>Total</b>	<b>5,829</b>	<b>88%</b>	<b>11</b>	<b>234</b>	<b>187,898</b>

## HEADCOUNT BY CATEGORY AND CONTRACT TYPE

	Permanent	Temporary	Total	%
Executives	194	0	194	3%
Middle management	641	24	665	11%
Administrative staff	935	41	976	17%
Auxiliary staff	771	17	788	14%
Commercial staff	309	13	322	6%
Others	2,264	620	2884	49%
<b>Total</b>	<b>5,114</b>	<b>715</b>	<b>5,829</b>	

## DIVERSITY GENDER BY BUSINESS UNITS

	Men	Women
Holding	52%	48%
Rice division	75%	25%
Pasta division	67%	33%
Dairy division	81%	19%
Others	60%	40%

## DIVERSITY GENDER BY CATEGORY

MEN			
	Permanent	Temporary	Total
Executives	150	0	150
Middle management	458	9	467
Administrative staff	502	19	521
Auxiliary staff	526	6	532
Commercial staff	228	8	236
Others	1,759	551	2,310
<b>Total</b>	<b>3,623</b>	<b>593</b>	<b>4,216</b>

WOMEN			
	Permanent	Temporary	Total
Executives	44		44
Middle management	183	15	198
Administrative staff	433	22	455
Auxiliary staff	245	11	256
Commercial staff	81	5	86
Others	505	69	574
<b>Total</b>	<b>1,491</b>	<b>122</b>	<b>1,613</b>



The Ebro Puleva Group had an average headcount of 5,829 employees during the year. The reduction in respect of the figures reported last year is due mainly to the fact that the employees of the sugar business are not counted in this report.

By virtue of our concern for creating stable, quality employment, 88% of the total workforce have non-term contracts and 234 of them were promoted during the year. As a result, we have a high degree of staff loyalty, with an average seniority in the company of 11 years.

As regards the ratio of men to women, the percentage of male employees is 72%, down from 78% in 2007, against 28% female employees. The vast majority of the male employees, 64%, work in the Group's manufacturing plants, compared to only 35% of the female employees. In contrast, 45% of the women work in auxiliary and administrative positions, against 23% of the men. The proportions of men and women in middle management and executive positions are very balanced: 11% of men and 12% of women are in middle management, while 3.5% of men and 3.2% of women hold executive positions.

## ACCESS TO EMPLOYMENT BY DISABLED PERSONS

One of the focal points of the Ebro Puleva Social Responsibility Policy is to incorporate disabled persons in employment. The Group has a total of 113 disabled persons on its payroll, in its different business areas.

In Spain, in pursuance of the Social Integration of the Disabled Act, there are 18 disabled persons on the payrolls of Puleva and Herba Nutrición. In addition, to ensure total compliance with this Act, both companies have signed collaboration agreements with the Ebro Puleva Foundation for a value of €195,388 to promote and finance different training projects for the disabled.

## OCCUPATIONAL HAZARD PREVENTION

	Investment in Occupational Hazard Prevention	No. occupational accidents
Rice division	297,292 €	117
Pasta division	317,384 €	56
Dairy division	331,712 €	58
Others	25,679 €	0
<b>Total</b>	<b>972,067 €</b>	<b>231</b>

The health and safety of our employees is an essential aspect of industrial relations in all the Ebro Puleva companies. Around one million euro was spent in 2008 on different hazard prevention actions, training employees and increasing the publicity of accident rates, causes and solutions.

As a result of this effort, the number of occupational accidents has been greatly reduced, to 231 in 2008.

### Examples of Occupational Hazard Prevention measures taken

- ◁ Rice division:
  - First Aid Courses.
  - Courses on Explosive Atmospheres.
  - Emergency Plan Course.

- Prevention Officer Course.
- Explosive atmosphere report.
- Review of hazard assessment.
- Marking of vehicle transit areas through the factory premises.
- Marking of fork-lift truck crossings in the packaging section.
- Installation of new fire alarm and fire drill.
- Purchase of safety clothing.

◁ Dairy division:

- Assessments of Safety, Hygiene, Ergonomics and Psycho-sociological Hazards and updates after changing working conditions.
- Several actions to improve the emergency measures and control the efficiency of the Plan: meetings of the Emergencies Committee, appointment of teams and practice of emergency situations.
- Start-up of preventive actions, providing employees with information and Prevention Rules.
- Commencement of design of safety manuals for the different jobs.
- Investigation of accidents and impairments to health.
- Installation of safety systems (life lines) for high working in milk tanks, chemical product tanks and liquid fuel tanks.
- Installation, modification and improvement of different working platforms, staircases, etc. to eliminate the risks of falling in different sections and work stations.
- Installation of new showers and emergency eye-wash facilities at different locations in the plants.
- Extensions and new installations of smoke detectors and emergency lighting.
- Installation of safety systems for hygienic control of working atmospheres in sterile rooms.

## MANAGEMENT AND DEVELOPMENT OF TALENT

	Total investment in training	No. hours training	% workforce receiving training
Holding	75,199 €	1,865	100%
Rice division	247,108 €	8,473	38%
Pasta division	826,600 €	20,713	56%
Dairy division	174,000 €	10,535	71%
Others	22,708 €	460	7%
<b>Total</b>	<b>1,345,615 €</b>	<b>42,046</b>	<b>50%</b>

Our diversification strategy, the strong internationalisation process and ever-growing size of the Group bring with them new challenges requiring a dynamic training policy, through which our professionals can acquire and enhance the skills and expertise they need for positions with greater duties and responsibilities. Training is also a key factor in our internal promotion culture, which requires flexible, multi-disciplinary profiles capable of extrapolating to the Group the knowledge acquired in different companies and divisions. This policy enriches and boosts the multicultural nature of our organisation.

During 2008, we invested almost one and a half million euro in an ambitious training plan of more than 42,000 hours, to further the personal and professional development of 50% of our workforce.

The main subject matters included in the Training Plan were related with:

- ◁ Quality and environment.
- ◁ Tax and legal affairs.
- ◁ Languages.
- ◁ Information technology.
- ◁ Occupational hazard prevention and safety at work.
- ◁ Market development.
- ◁ Accounting.
- ◁ Development of commercial and marketing skills.

## WELFARE BENEFITS

One of our main goals is to create stable, quality employment. Accordingly, our subsidiaries offer a broad range of welfare benefits, including, as appropriate, private medical insurances, life, accident and disability insurance, savings and retirement schemes, medical grants, meal and educational aids, study grants, etc.

## PAY POLICY

More than one hundred executives of different Ebro Puleva companies in Spain and more than three hundred in our foreign subsidiaries are included in a variable pay scheme which bases the variable part of their annual salary on a number of collective (of the Group overall and the different business units) and job-specific objectives.

A similar group in Spain benefits from the payment-in-kind programme, whereby taxation of their salaries can be optimised through the receipt of certain benefits, such as medical insurance, company car, computers, nursery service or housing rent. This pay policy includes the delivery of shares in Ebro Puleva, S.A.: under current tax laws employees may receive up to 12,000 euro in company shares without considering them remuneration for the purpose of personal income tax. During 2008, 36 employees from different Group companies received shares in the company for an overall sum of 296,090 euro





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We have from the outset endeavoured to combine our economic growth and development with meeting our customers' and consumers' needs. These needs are not static but are constantly changing, so we have to permanently adapt all our production and commercial processes and constantly renew and broaden our product portfolio.

To secure fulfilment of these objectives, we have, on the one hand, a stringent Food Safety and Quality Policy and, on the other, a permanent commitment to health research and innovation. Through the former, we meet the interests and expectations of our consumers under strict quality and safety standards, and through the second, we offer them differentiated, healthy food.

During 2008 we made further progress in the implementation of high excellence standards in Food Safety and Quality, raising the requirements in the product specifications, traceability, factory approvals by clients and enhanced customer service. We also expanded our portfolio with new healthy products, keeping up with the changing needs of our consumers. Our active collaboration with the Ministry of Health also continued in the fight against obesity, running several campaigns and activities designed to encourage healthy lifestyles, weight control and prevention of obesity.



## FOOD SAFETY AND QUALITY POLICY

This policy is based on the permanently integrated action of our entire organisation to achieve continuous improvement of our company, especially in the following aspects:

1. Definition, development and implementation of a Food Safety and Quality System complying with the requirements of Standard UNE-EN-ISO 9001:2000 (or similar, depending on the country in which the respective company operates), certified by an ENAC authorised Body.
2. Training and awareness of all company employees in the aspects of food safety and quality management required by their work and our organisation.
3. Setting and revising of quality targets to enable continuous improvement in this area, providing the necessary financial and operational resources.
4. Monitoring of the objectives and performance of preventive and remedial actions required from time to time by prevailing circumstances.
5. Encouragement of the company's suppliers to adopt similar principles to those set out above, cooperating with them to put them into practice.
6. Adoption of approval measures and quality programmes arranged with customers to ensure their satisfaction.
7. Achievement of the objectives set and principles mentioned above, making regular internal and external audits of the food safety and quality system.

## IMPLEMENTATION OF FOOD SAFETY AND QUALITY CONTROL SYSTEMS

We use the most advanced quality control systems to guarantee the quality and safety of the food we offer our consumers:

- ◁ **Good Manufacturing Practices (GMP):** contemplating good practices for the handling, packaging, storage and carriage of fresh products.
- ◁ **Hazard Analysis and Critical Control Point (HACCP):** a system for identification and control of the possible problems that may come to light during the design and production processes.
- ◁ **Quality Assurance Standards:** such as the standards established by the International Organisation for Standardization (ISO 9001:2000), the International Food Standard (IFS), which, structured in line with ISO 9001: 2000, are one of the maximum distinctions in Food Safety in all distribution sectors in Europe, the BRC certification (British Retail Consortium), one of the internationally most widespread models for distributors and large retail outlets to rate their brand product suppliers, and finally, the Danish DS standard (Danish HACCP Code), for developing an HACCP system in the food industry and in the manufacturing of packing and packaging for food products. The effectiveness of these programmes is regularly assessed by independent experts.

Company	Country	Name of Workplace	Certificates	Certification Body
Birkel	Germany	Mannheim	ISO 9001:2000 IFS V.4.	TUEV-R TUEV-N
Birkel	Germany	Waiblingen	Organic Distribution	BCS
Birkel	Germany	Waren	ISO 9001:2000 IFS V.4. Organic Production	IFTA QAL BCS
Boost Nutrition	Belgium	Merksem	GMP	SGS
Danrice	Denmark	Orbaek	DS 3027:2002 ISO 9001:2000	BVQI
Euryza	Germany	Hamburgo	IFS V.4. GMP	SGS
Herba Ricemills, S.L.U.	Spain	Coria Del Río	ISO 9001:2000	AENOR
Herba Ricemills, S.L.U.	Spain	San Juan de Aznalfarache (Pre-Cooked Foods Plant)	BRC V.4. ISO 9001:2000 I.F.S V.4	AENOR
Herba Ricemills, S.L.U.	Spain	San Juan de Aznalfarache (Rice Plant)	ISO 9001:2000 BRC V.4. I.F.S V.4.	AENOR
Herba Ricemills, S.L.U.	Spain	Jerez de La Frontera (Pre-Cooked Foods Plant)	ISO 9001:2000 BRC V.4. I.F.S V.4.	AENOR
Herba Ricemills, S.L.U.	Spain	Silla	ISO 9001:2000 BRC V.4. IFS V.4.	AENOR
Mundiriso	Italy	Vercelli	IFS V.4. BRC V.4.	SGS
Panzani	France	Ferico	IFS V.4.	BVQI
Panzani	France	La Montre	ISO 9001:2000 IFS V.4.	BVQI
Panzani	France	St Genis Laval (Fresh Pasta Plant)	ISO 9001:2000 IFS V.4.	BVQI
Panzani	France	Weaehouse (Fresh Pasta Plant)	ISO 9001:2000 IFS V.4.	BVQI
Panzani	France	Lorette (Fresh Pasta Plant)	ISO 9001:2000 IFS V.4.	BVQI
Panzani	France	Nanterre	ISO 9001:2000 IFS V.4.	BVQI
Panzani	France	Vitrolles	IFS V.4.	BVQI
Puleva Food	Spain	Granada	ISO 9001:2000	AENOR
Puleva Food	Spain	Lugo	ISO 9001:2000	AENOR
Puleva Food	Spain	Mollerusa	ISO 9001:2000	AENOR
Puleva Food	Spain	Sevilla	ISO 9001:2000	AENOR
S&B Herba Foods	U.K.	Liverpool	BRC V.4 Kosher	Body Micron 2
S&B Herba Foods	U.K.	Orpington	BRC V.4 Kosher	Body Micron 2

Our US companies (Riviana and New World Pasta) follow the recommendations specifically applicable in the USA. Both their factories and their logistics centres are inspected regularly by external bodies such as the American Institute of Baking (AIB), Food Protection Agency (FPA) and Food Sanitation Institute (FSI). Both companies also comply with the directives of the US Bioterrorism Act and have established leading edge security systems in their factories.

## CUSTOMER SERVICES

Two important aspects of the Ebro Puleva philosophy are our total vocation to customer service and our awareness that each customer is unique. Customers are the basis of our growth and their full attention and service is perceived as the road to be followed to secure constant improvement. Accordingly, our customer services section must essentially listen to their complaints and suggestions, duly respond to all their queries and questions and guarantee fulfilment of their rights, with the prime objective of securing their total satisfaction.

The packaging of all the Ebro Puleva Group products provide consumers with information on their nutritional properties, along with the physical address of the company and, where appropriate, its web site, e-mail and telephone number.

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

As a rule, we follow up all claims by telephone to check the consumer satisfaction.

We regularly make a statistical monitoring of all complaints and proposals for improvement made by our consumers, discussing them at the different Management Committee meetings held every month within each company.

## CAMPAIGNS AND ACTIVITIES TO ENCOURAGE HEALTHY LIFESTYLES

Considering our firm commitment to consumers and permanent vocation of service to consumers, one of our main objectives is to offer consumers food that will have a positive effect on improving their health and well-being, an offer which we supplement with the publication of studies and with campaigns to encourage healthy lifestyles. Accordingly, in addition to the intense work on innovation and research for the development of new products, all the Group companies promote initiatives in their respective countries to make people aware of the importance of a balanced diet and inform them of the beneficial effects that certain nutrients can give them at different times of their lives.

In Spain, Ebro Puleva's commitment to the "NAOS Strategy" (Nutrition, Physical Exercise and Prevention of Obesity), a programme promoted by the Spanish Ministry of Health with the aim of improving eating habits and encouraging all citizens to take regular exercise, stressing the prevention of obesity among babies and children, is put into practice by each of the Group companies when developing their respective product portfolios.

One of our particularly important projects in this regard is PRONAOS, a research programme investigating genetic, molecular and nutritional factors that regulate the body weight control systems, with a view to developing a new generation of functional foods that contribute towards weight control and the prevention of obesity. This project is led by our subsidiary Puleva Biotech, with the participation of 15 companies in the food and technology sectors and 39 public research bodies and technological centres.

PRONAOS is backed by a Scientific Committee of Experts, which provides permanent supervision and counselling from a scientific point of view, consisting of Dr. Ángel Gil, Professor of Biochemistry and Molecular Biology at the University of Granada; Dr. Luis Serra, Professor of Public Health at the University of Las Palmas de Gran Canaria; Dr. Andreu Palou, Professor of Biochemistry and Molecular Biology at the University of the Balearic Islands; Dr. Basilio Moreno, Head of the Endocrinology Service at the Hospital Gregorio Marañón in Madrid; and Dr. Luis Moreno, lecturer in Public Health at the University of Zaragoza.

PRONAOS is the most ambitious project in Spain so far in terms of both scientific research and economic importance. With an overall budget of €27.2 million, the Ministry of Science and Innovation, through the CENIT programme, provides approximately €13 million and the remainder is funded by the sixteen companies involved in the project, spending 25% of the total financing of the programme on activities performed in collaboration with public research bodies.

In addition, Puleva strengthens this commitment through sponsorship of different societies and associations, such as the Familial Hypercholesterolaemia Foundation, the Hispanic Foundation for Osteoporosis and Metabolic Diseases, the Spanish Nutrition Foundation, the National Infant Dietary Association and the Granada Association of Heart Patients, and with the organisation of



numerous activities designed to provide information on healthy lifestyles favourable to health care and that reduce the risk of certain diseases.

The principal activities carried out during 2008 in this area were:

### **1. Participation and information stand at scientific meetings and congresses:**

- ◁ Meeting of the East Andalusia Paediatric Society.
- ◁ Meeting of the West Andalusia and Extremadura Paediatric Society.
- ◁ Women's Health and Medicine (SAMEM) Congress.
- ◁ "Teddy Bears" Hospital. Faculty of Medicine. "Complutense" University of Madrid (UCM).
- ◁ Atherosclerosis Prevention Week.
- ◁ Congress of the Spanish Gastroenterology, Hepatology and Paediatric Nutrition Society.
- ◁ Paediatric Nursing ACIP Congress.
- ◁ REUMASALUD.
- ◁ 57 Congress of the Spanish Paediatric Association.
- ◁ Workshop of the Spanish Community Nutrition Society.
- ◁ Congress of the Spanish Society of Paediatric Outpatient and Primary Health Care.
- ◁ VIII Congress of the Spanish Community Nutrition Society.
- ◁ International Congress of Atlantic Food and Diet.
- ◁ FISALUD. General Council of Pharmaceutical Associations. International Health Fair.

### **2. Conferences, round tables or courses at scientific meetings and congresses:**

- ◁ Monographic presentation: "Prevention of heart disease". C.O.F. Granada.
- ◁ Master E-Menu. University of Navarre.
- ◁ Nutrition Workshop: Eating at school and in hospital.
- ◁ International Congress on Food Safety.
- ◁ Conference of Pharmacy Assistants. Seville.
- ◁ Round Table "Mastitis and Probiotics". SAMEM Congress.
- ◁ National Food Workshops. General Council of Pharmaceutical Associations.
- ◁ CYTALIA Congress. Science and Technology of Food.
- ◁ Atherosclerosis Prevention Week. "A healthy heart lifestyle".
- ◁ III Symposium on Functional Foods.
- ◁ Congress of the Spanish Geriatrics and Gerontology Society.
- ◁ Summer course: Functional Foods.
- ◁ SENC Pre-Congress Course: Eating during pregnancy, breastfeeding and school age.
- ◁ Nutritional Council Workshop. General Medicine Society Congress.

### **3. Sponsorships and other collaborations:**

- ◁ Meeting of the Spanish Obesity Study Society.
- ◁ Child Obesity Course. COF Balearic Islands
- ◁ Workshops on Paediatric Primary Health Care in Andalusia.
- ◁ National Food Workshops. General Council of Pharmaceutical Associations.
- ◁ Paediatrics Training Course. Medical Association of Madrid.
- ◁ National Nutrition Day.
- ◁ Clases sen fume [No Smoking Classes]. Galician Health Department.
- ◁ Training Course. Healthy preventive habits in childhood.
- ◁ Congress of the Spanish Cardiology Society.
- ◁ Master in Food Safety at the Faculty of Veterinary Science of the UCM.



- ◊ International Symposium: Healthy Lifestyle & Nutrition in Europe: from Conception to Adolescence.
- ◊ SEINAP Congress. Spanish Paediatric Nutrition and Food Research Society.
- ◊ Health Week. Monóvar.
- ◊ World Health Day. Valladolid.

#### **4. Scientific counselling:**

- ◊ NUTRIDIC: Institute of Food Nutrition and Technology.
- ◊ Heart Disease Prevention Programme.
- ◊ Advisory Committee on Paediatrics in Child Eating Habits.
- ◊ Advisory Committee on Nutrition.

#### **5. Own or sponsored publications:**

- ◊ *Spanish Nutrition Clinics, vol. III Eating during pregnancy, breastfeeding and school age.*
- ◊ *XX Years of Preventive Cardiology.*
- ◊ *Child Obesity. Everyone's problem.*
- ◊ *Healthy Heart Recipes.*
- ◊ *Prebiotics.*
- ◊ *Treatises on Nutrition.*

#### **6. Prescription: medical visits to hospitals and primary health care centres**

- ◊ No. Paediatricians visited: 2,613.
- ◊ No. centres visited (Health Care Centres and Hospitals): 629.
- ◊ No. visits: 6,946.

## 7. Papers given at congresses during 2008 on puleva food projects

- ◁ Title: "*Safety of follow-on formula with addition of the probiotic lactobacillus salivarius CECT5713 isolated from breast milk*". Type: Oral. Congress: Spanish Paediatric Association. Santiago de Compostela.
- ◁ Title: "*Tolerance study on follow-on formula with addition of the probiotic lactobacillus salivarius CECT5713 isolated from breast milk*". Type: Poster. Congress: East Andalusia Paediatric Society. Almería.
- ◁ Title: "*Safety of follow-on formula with addition of the probiotic lactobacillus fermentum CECT5716 isolated from breast milk*". Type: Oral. Congress: Spanish Society of Paediatric Outpatient and Primary Health Care. Tenerife.
- ◁ Title: "*Study of viscosity of antiregurgitation (ar) formulas at different pH settings*". Type: Oral. Congress: Spanish Gastroenterology, Hepatology and Paediatric Nutrition Society. Córdoba.
- ◁ Title: "*Anti-infection and immunomodulator potential of the breast milk probiotics Bifidobacterium breve and Lactobacillus salivarius*". Type: Oral. Congress: Spanish Gastroenterology, Hepatology and Paediatric Nutrition Society. Córdoba.
- ◁ Title: "*Role of long-chain polyunsaturated fatty acids in school meals. Effect on health and cognitive development*". Type: Speech in pre-congress course. Congress: Spanish Community Nutrition Society. Valencia.
- ◁ Title: "*Oral tolerance studies of the human milk probiotic lactobacillus fermentum CECT5716*". Type: Poster. Congress: Early Nutrition Programming International Symposium. Granada.
- ◁ Title: "*Effect of consumption of a milk enriched with polyunsaturated fatty acids on biochemical parameters in children aged 4-14*". Type: Oral. Congress: Spanish Gastroenterology, Hepatology and Paediatric Nutrition Society. Córdoba.
- ◁ Title: "*Daily consumption of a dairy drink enriched in DHA enhances parameters associated with cognitive development in children aged 8-14*". Type: Oral. Congress: Spanish Paediatric Association. Santiago de Compostela.
- ◁ Title: "*Daily consumption of a dairy drink enriched in DHA, vitamins and minerals, enhances nutritional status and cognitive abilities parameters*". Type: Poster. Congress: European Society of Parenteral and Enteral Nutrition. Florence (Italy).



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Ebro Puleva has always been committed to maintaining the greatest possible balance between the performance of its activities and protection of the environment. Aware that sustainable growth is not possible without that commitment, it has an integral policy of respect for the environment, aiming to recognise, control and minimise environmental impact.

This environmental policy is based on the integrated action of all those involved in the company organisation and essentially contemplates the following aspects:

- ◁ Definition, development and implementation of an Environmental Management System complying with the requirements of Standard UNE-EN-ISO 14001:2004, or where appropriate the implementation of environmental management practices to improve its production practices.
- ◁ Modernisation of material resources enabling the company to prevent and minimise their consumption, emissions and harmful environmental effects.
- ◁ Training and awareness of all the company's employees in the environmental aspects required by their work and our organisation.
- ◁ Setting of environmental targets to enable continuous improvement in this area, providing the necessary financial and operational resources.
- ◁ Encouragement of the company's suppliers to adopt similar principles to those set out above, cooperating with them to put them into practice.
- ◁ Guaranteed achievement of the targets set, compliance with the legal requirements and principles mentioned above, making regular internal and external audits of the Environmental Management System.

In 2008, Ebro Puleva continued developing an advanced environmental policy with a view to achieving its sustainable development within a context of constant improvement and prevention. The Group invested two and a half million euro in implementing enhancements to minimise its impact on the environment. These actions were geared towards achieving an efficient use of resources through the reduction of water and energy consumption, reduction of emissions and an adequate waste management.

Total expenditure in environmental management activities	2,294,974 €
Expenditure on R+D+I focusing on preservation of the environment	268,270 €

Apart from this, all the Group companies developed internal environmental training programmes, involving their employees in actions that could lead to greater savings in the consumption of water, energy and other resources. The different environmental training and awareness courses accounted for 0.6% of the total investment in environmental management activities.

## ENVIRONMENTAL MANAGEMENT PROGRAMMES AND CERTIFICATES

The workplaces certified so far under Standard UNE-EN-ISO 14001 are:

Company	Country	Name of workplace	Certificates
Panzani	France	Semolina Gennevilliers	ISO 14.001
Panzani	France	Semolina Marseille Littoral	ISO 14.001
Panzani	France	Semolina Marseille St. Just	ISO 14.001
Puleva Food	Spain	Granada Plant	ISO 14.001
Puleva Food	Spain	Grelva Cogeneration Plant	ISO 14.001
Puleva Food	Spain	Lugo Plant	ISO 14.001

The different Group companies in Spain have requested the corresponding Integrated Environmental Authorisations for all their workplaces in pursuance of the Integrated Pollution Prevention and Control Act. This new authorisation combines and substitutes all the previously existing environmental authorisations and establishes the environmental conditions for operation of industrial plant and installations engaged in the activities within its scope of application.

The Ebro Puleva companies in the USA operate under the following American specifications:

1. Title V Federal Operating Permit
2. General Permit to Dispose of Waste
3. Storm Water Multi-Sector General Permit
4. Air Permit



## PRINCIPAL ENVIRONMENTAL INDICATORS

In an effort to fulfil more efficiently its commitment to respect and protect the environment, in 2008 Ebro Puleva began the first phase of a data reporting tool with which it will progressively be able to offer a detailed breakdown of its principal environmental indicators.

These indicators encompass the activity of 37 production plants and 28 head offices or commercial offices worldwide.

### ENERGY CONSUMPTION

In the first part of the study, the total energy consumption has been calculated, measuring not only the consumption of electricity, but also that of liquid fuels, such as gas oil.

Total energy consumption (kwh)	1,201,612,519
Total energy purchased (kwh)	1,191,518,528
Electricity consumption (kwh)	240,823,553
Gas oil consumption (tn)	499,193

### Actions taken during the year to improve energy efficiency

#### 1. Rice division:

- ◁ Installation of automatic doors at the pre-cooked foods plant in Jerez de la Frontera.
- ◁ Biomass boiler enhancements at the San Juan de Aznalfarache plant.
- ◁ Heat insulation of the condensation and hot water tanks at the San Juan de Aznalfarache plant.
- ◁ Heat insulation of the ceilings of the Euryza head offices (Germany).
- ◁ Installation of movement sensors for turning lights on and off at the Euryza head offices (Germany).
- ◁ Energy study at the Memphis pilot (USA) plant.

#### 2. Pasta division:

- ◁ Installation of a cold water circuit in the temperature change system of the cooling tower during the winter months, at the St. Louis (USA) plant.
- ◁ Installation of an automatic cut-out system for the boilers at the St. Louis (USA) plant, to achieve more efficient operation.
- ◁ Mending of compressed air leaks and preliminary study of the boilers and ventilation systems at the Montreal (Canada) plant.
- ◁ Updating of the lighting system at the Fresno (USA) factory.
- ◁ Introduction of air frequency controlled motors and vapour systems at the Birkel (Germany) plants.

#### 2. Dairy division:

- ◁ Replacement or repair of insulation on the steam, hot water and cooling water pipes at the Granada plant.



## WATER CONSUMPTION

Total water consumption (tn)	4,327,831
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### Actions taken during the year to reduce water consumption

#### 1. Rice division:

- ◁ Development in the USA of new instantaneous rice processing lines that drastically reduce the use of water and the generation of waste water.

#### 2. Pasta division:

- ◁ Replacement of two hand-washing stations, prone to leaks, at the St. Louis (USA) plant.
- ◁ Use of recycled water from the vacuum pumps at the St. Louis (USA) plant.
- ◁ Recycling in closed circuits of all the cooling waters at the Fresno (USA) plant.
- ◁ Investment in new vacuum pumps that do not consume water at the Birkel (Germany) plants.

#### 2. Dairy division:

- ◁ Installation of reverse osmosis plant to recover rejects at the Granada water plant.

## CONSUMPTION OF TONER AND PAPER

Total paper consumption (tn)	1,942,311
Percentage of paper recycled	70.23
Number of ink or toner cartridges used	4,229

### Actions taken during the year for recycling paper and cardboard

#### 1. Rice division:

- ◁ The Riviana plants in the USA have started up recycling programmes for any corrugated cardboard not sent to customers.

## 2. Pasta division:

- ◁ Encouraging of the use of paper, corrugated cardboard and scrap tampers at the St. Louis (USA) plant.
- ◁ Installation of special recycling containers at the Fresno (USA) plant.
- ◁ Recycling of all paper and packaging material at the Montreal (Canada) factory.
- ◁ Cartoning control systems to optimise materials and build components at the plants of this division in Germany.

## 2. Dairy division:

- ◁ Installation of paper recycling containers at all installations.

Moreover, in an effort to ensure meeting the reduction, recycling and recovery targets set in the Packaging and Packaging Waste Act 11/97 of 24 April, the two companies in the dairy division (Puleva Food and Lactimilk) and Herba, the representative of the rice division in Spain, are members of Ecoembalajes España S.A. (Ecoembes), a non-profit company whose mission is to design and develop systems for selective collection and recovery of used packaging and packaging waste. Ecoembes uses the concept known as "Punto Verde" (green spot) (which symbol appears on the packaging) to show that the packager of the product has paid a sum of money for each container or other form of packaging put on the market.

Ebro Puleva also signed an agreement recently with the company DCD S.A. for the destruction of paper and other data carriers. Apart from complying with the Data Protection Act, this agreement will guarantee sustainable management of its documents by virtue of that company's commitment to recycling.

## WASTE AND EFFLUENT MANAGEMENT

Tonnes of waste generated during the year (tn)	11,234
Percentage of hazardous waste	2.46%

### Actions taken during the year to reduce effluent

#### 1. Rice division:

- ◁ Start-up of an integrated water conservation programme at the Brinkley (USA) plant, which has reduced its total effluent by 27%.

#### 2. Pasta division:

- ◁ Start-up of a recycled water discharge system from the suction pump to the cooling tower at the St. Louis (USA) plant.
- ◁ Installation of a filter in the washing room of the Montreal (Canada) plant for the recovery of solids.

#### 2. Dairy division:

- ◁ Installation of an effluent pH neutralisation system by injection of CO<sub>2</sub> in the effluent line.

## EMISSIONS

Total CO <sub>2</sub> emissions (tn)	145,367.5
NOx emissions (tn)	356.49
Sulphur dioxide (SO <sub>2</sub> ) emissions (tn)	2,697.80
Nitric oxide (NO) emissions (tn)	11.52
Ammonia (NH <sub>3</sub> ) emissions (tn)	3.2
Smog (non-VOC) (tn)	0.415
Volatile Organic Compound (VOC) emissions (tn)	44.41

### Actions taken during the year to reduce emissions

#### 1. Rice division:

- ◁ Installation of bag filters and dust collectors, and quarterly inspections of air quality at the Houston (USA) plant.
- ◁ Installation of dust collectors at the Brinkley (USA) and Carlisle (USA) plants.
- ◁ Quarterly analysis of the boiler at the Houston (USA) factory.

#### 2. Pasta division:

- ◁ Replacement of solvent cleaning agents with aqueous cleaners at the St. Louis (USA) plant.
- ◁ Boiler control at the Fresno (USA) plant.





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### **THE ACTIVITIES OF THE EBRO PULEVA FOUNDATION**

Among its priority objectives, Ebro Puleva aims to participate in initiatives that contribute towards the well-being of society, promote the socioeconomic development of the geographical areas in which it operates and, in short, improve people's quality of life, especially in the more vulnerable sectors.

The development of this social commitment is channelled mainly through the Ebro Puleva Foundation, through which the Group promotes and participates in solidarity initiatives to further the development and equal opportunities of the less favoured segments of society, in Spain and other countries.

The Foundation was set up in Granada on 9 June 1998 and is recorded under no. 376 in the Register of Foundations kept by the Ministry of Culture. It is governed by its Bylaws and the provisions of the Foundations Act 50/2002 of 26 December and other applicable legislation.



Since 2006, in an effort to ensure that the entities with which it collaborated upheld the same values of altruism, transparency and integrity as the Ebro Puleva Foundation, it signed a collaboration agreement with Fundación Lealtad, an independent non-profit institution that analyses and assesses NGOs on the basis of nine principles of transparency and good practices. These principles are:

1. Principle of procedure and regulation of the governing body.
2. Principle of clarity and publicising of the corporate purpose.
3. Principle of planning and monitoring of the activity.
4. Principle of communication and true and fair view in reporting.
5. Principle of transparency in financing.
6. Principle of plurality in financing.
7. Principle of control in the use of funds.
8. Principle of presentation of the annual accounts and fulfilment of legal obligations.
9. Principle of promotion of voluntary aid.

The confidence given by Fundación Lealtad is essential to ensure the success of our participation in certain projects and the promotion of new initiatives within the Group.

The Foundation essentially acts in four different areas: donation of food, integration of the disabled into society and employment, cooperation for development in the third world and promotion of projects enabling socioeconomic development of the geographical areas in which the Group operates.

### **1. Food donation programmes**

As leader of the food sector, one of the main channels of action of the Foundation is to donate food products from the Group's different businesses. To guarantee adequate distribution of such products among the most needy, the Foundation has signed a collaboration agreement with the Spanish Federation of Food Banks (FESBAL) to manage and distribute the products donated by Ebro Puleva among the provincial food banks.

Food banks are non-profit volunteer organisations aiming to obtain and make use of food, forwarding products to welfare centres and, through them, to the needy. The Food Banks of Spain set up the Spanish Federation of Food Banks (FESBAL) in 1996 to coordinate and direct their representation and relations with the central government and international bodies, state-owned undertakings and other NGOs. FESBAL also facilitates rapprochement and exchanges among food banks, prepares statistics and common advertising and offers its members legal and administrative counselling.

FESBAL channels most of the requests for food submitted to any of the Ebro Puleva companies in Spain. In 2008, the Foundation made donations of Group products, which, if put on the market, would have had a value of 466,000 euro. The Ebro Puleva Foundation

also continued financing the participation of 14 food banks in the Workshops for Improvement of Transparency and Good Management Practices run by Fundación Lealtad, to implement the principles of transparency and good practices in their management.

Our subsidiary Riviana has a similar initiative in the United States, donating its rice products to different local food banks, including those of Houston, Memphis and Arkansas. In 2008, the value of these donations was 746,840 dollars.

## 2. Programmes to integrate the disabled in society and employment

Full personal autonomy, the integral creation of jobs and integration of disabled persons in employment form one of the mainstays of Ebro Puleva's social responsibility policy. The Group contracts the services of occupational centres where the disabled work and promotes and finances through the Foundation projects to provide vocational training for the disabled and achieve their full integration in society.

In 2008, the Foundation collaborated actively in projects promoted by the Prodis Foundation, the Auxilia Foundation, the Madrid Down Syndrome Foundations, the Juan XXII Foundation and the Madre Coraje Association, among others.

Some of these programmes are described below:

- ◁ **"Building of a multidisciplinary centre"**: by the Jerez Cedown Association, the aim of this new centre is to make possible and facilitate experiences that will help pupils with the Down Syndrome to lead a normal life, providing all kinds of workshops and vocational training modules designed to generate new services and economic resources for the Association, such as greenhouses and vegetable gardens, courtyard for celebrations or an indoor swimming pool.
- ◁ **"Speak without words"**: developed by the Bierzo Asprona Association in Leon, a programme organised for the intellectually disabled, aiming to improve the way they speak, read and write and, in general, all capacities that will help them to achieve a better control of their surroundings, through augmentative and alternative communication techniques, with a view to furthering their integration into the community and helping them to become more independent.
- ◁ **"Chronic Mentally Disabled: Personal Attention and Autonomous Life"**: run by Cáritas in Seville, aims to develop self-esteem, personal autonomy and integration of the users through ecological horticultural workshops, binding and recycling, domestic skills and reading.
- ◁ **"Occupational workshops with the disabled"**: promoted by the Auxilia Foundation in Seville, this project seeks the full integration in society of the physically disabled and patients with long-term illnesses, through physiotherapy, speech therapy and psychology.



- ◁ **“Stela”**: run by the Madrid Down Syndrome Foundation; we collaborated for the third year in succession with this project, which aims to incorporate disabled persons in society and employment in three stages: a job training scheme, on-the-job training and, finally, monitoring in employment. It is based on the method of assisted employment, a structured, systematic system of training on the job, which enables the intellectually disabled to acquire the skills, abilities and knowledge required by their jobs.
- ◁ **“Pro-Mentor”**: developed by the Prodis Foundation, we started collaborating in this training programme run jointly with the Autonomous University to integrate young people with intellectual disabilities in employment in 2007. It is aimed at a group of 28 young people aged between 18 and 30, who receive classroom training focused on the duties of assistant administrative staff and when they complete the course, Prodis permanently watches over the new employees in their jobs through a labour intermediary, who is responsible for their on-the-job training, monitoring and continuous guidance throughout the working life of the disabled person.

### 3. Cooperation projects for development in the third world

The fight against poverty in the third world and contribution to development of a sustainable model, especially on the African continent, is another of the channels of action of the Ebro Puleva Foundation. According to FAO figures, in the poorest countries of Africa, 69% of the population earn their living in agriculture, but only 7% of their agricultural land has irrigation and only 4% of the African renewable resources are exploited. Moreover, the consumption of fertilizers on that continent is barely 9 kg per hectare, compared to 206 kg/ha in industrialised countries. In this regard and considering the Group's close relationship with the world of agriculture, the Foundation directs its efforts mainly at promoting and implementing educational initiatives for the development of agriculture, under the premise that the communities benefitting from these measures will be responsible for developing the different phases of the project and will thereby become self-sufficient.

To achieve this commitment, the Foundation works closely with the NGO Africa Direct, a charity-assistance foundation aiming to cooperate for the development and well-being of the least favoured populations in the African countries, promoting the sustainable development of their own services. It consists exclusively of volunteers, who work on-site supporting the local communities, and applies 100% of the funds raised to development projects in African countries.

In 2008, in view of the excellent results obtained in earlier years, the Ebro Puleva Foundation maintained its participation in cooperation programmes in Eritrea, Sierra Leone and Malawi.

In Sierra Leone, led by Chema Caballero, the Foundation extended the financing of an agricultural programme geared towards the training and attraction of young people to farming, in an effort to halt the drift of young people from the country to the large towns and cities. The project also supports the reintegration into society of child-soldiers.

In Eritrea, we continued collaborating with the Agronomy Institute in Hagaz, which aims to provide free training in agriculture to peasants in the lower plains extending towards Sudan, with a view to achieving self-sufficiency in food through the cultivation of their own land.

In Malawi, the Foundation financed the building of a farm for storing harvests in Kapiri and Abwenzi, enabling families to store their surplus, preserving them for times of shortage. An irrigation project has also been promoted to guarantee the food supply to the Mtendere hospital, a medical centre that provides an important service for HIV-seropositive patients.

In addition to the work done in collaboration with Africa Direct, the Foundation began projects during 2007 with Codespa, a NGO founded in 1985, which cooperates in the development of developing countries and Spain. It aims to generate employment and pull out of the vicious circle of poverty through access to education, vocational training and providing microfinancial services.



The first of these projects is organised in Larache (Morocco) and consists of starting up a tourist centre in that town, which has one of the highest poverty rates in the country. The programme aims to meet the training requirements in a sector with a high employment potential, geared primarily at the securing employment for youths, both men and women, who are out of work in Larache. In the first year training was given to ninety students in different specialities of the catering sector, and supplementary courses will subsequently be given in literacy, creation, promotion of employment and marketing.

The second project consists of boosting rural development in the north of Vietnam, specifically in the provinces of Yen Bai and Thanh Hoa. The programme aims to improve rice-growing productivity using a new system of compact fertilisers that is more beneficial for the rice fields and more resistant to rain and flooding. The peasants will thus save costs, increase productivity and contribute towards sustainability of the environment. There will be approximately one thousand direct beneficiaries, between peasants and homes, and around four thousand indirect beneficiaries. This action also contemplates the proliferation of a network of microcompanies that produce the fertiliser locally and supply the rice producers. Private enterprise is thus also developed in a country in which the market economy is still very new, especially in the north.

#### 4. Commitment to the socioeconomic development of the geographical areas in which the Group operates

Socioeconomic development of the areas in which the Group operates is one of the principal goals of Ebro Puleva's social commitment. The Foundation is especially diligent in supporting social and welfare organisations and projects that aim to improve the quality of life of children, the elderly and segments of the population at the risk of social exclusion, as well as equal opportunities for the disabled.

This social action is channelled mainly through the financing of projects organised by local entities, which have a first-hand knowledge of the needs of each area and devote all their resources to putting those initiatives into operation.

In 2008, the Foundation collaborated with different entities in Granada, Seville, Jerez de la Frontera, Madrid, Valladolid, etc., for example with: Proyecto Hombre [Mankind Project], Nuevo Futuro, Madre Coraje NGO, Cáritas, Volan, Fundación Secretariado Gitano [Gypsy Organisation Foundation], etc.

Some of these projects are described below:

- ◁ ***"Development of the rural world"***: promoted by Cáritas in Palencia. This is a social inclusion programme aimed at the underprivileged rural population, which pays special attention to information, guidance, social awareness, personal promotion and social integration, and specific attention to groups with special difficulties in the rural environment.
- ◁ ***"Promotion of Health among Young Gypsies"***: run by the Gypsy Organisation Foundation, aims to promote health among the young gypsy population by encouraging them to acquire healthy habits in both their food and in hygiene and health care. The programme is particularly aimed at young women, owing to the traditional role of gypsy women in educating and transmitting values within the family.

- ◁ **“Child’s play”**: promoted by the Parish of St. Paul’s in Jerez, aimed at boys and girls aged 6-14, offering them an education in values, with the monitors as a supplementary or alternative reference for what they have in and around their homes, boosting the children’s self confidence and helping them learn to live with their peers, getting them more involved in the Parish and stimulating their social and religious awareness.
- ◁ **“The Way of St. James [Camino de Santiago] hiking group”**: an educational and therapeutic programme run by the Proyecto Hombre Association in Granada for the rehabilitation and reintegration of young and adult drug addicts into society and employment.
- ◁ **“Nazareth Refuge”**: developed by the Sisters of the Most Holy Trinity in Valladolid, consists of providing economic support for a refuge intended to provide a home and training for integration into society and employment of battered women, ex-convicts, immigrants and, in general, any women who are for any reason particularly vulnerable, unprotected and at risk of social exclusion.
- ◁ **“Recycling of oil for humanitarian purposes for the development of Peru”**: edible oil recycling project, promoted by the Madre Coraje NGO, consisting of the collection and recycling of oil to manufacture soap, which is sent to the poorer areas of Peru, helping to improve the quality of life of over 70,000 people. Any surplus oil that the soap manufacturing process is unable to accept is sold for the manufacturing of biodiesel and the proceeds are used for sending humanitarian aid to Peru and running development projects in that country.

Information on all the projects in which the Ebro Puleva Foundation participated in 2008 can be found on its web site: <http://www.fundacionebropuleva.es/>

Although its principal goal is to start up social development projects, the Ebro Puleva Foundation has also dedicated part of its resources in 2008 to the promotion of educational and cultural activities. In this regard, it continued as patron of the Royal Association of Friends of the Reina Sofía National Art Gallery (Madrid) and sponsored the V Cycle of Bach Cantatas by the choir and orchestra of the Royal Chapel of Madrid.

Ebro Puleva’s social commitment also extends to the area of sport, with a three million euro sponsorship of the starting port of Alicante in the Volvo Ocean Race 2008-2009.



## ◀ SUSTAINABILITY REPORT

1. CHAIRMAN'S STATEMENT
2. CODE OF CONDUCT
3. COMMITMENT TO OUR EMPLOYEES
4. COMMITMENT TO OUR CUSTOMERS
5. COMMITMENT TO THE ENVIRONMENT
6. COMMITMENT TO THE SOCIETY
7. **ANNUAL CORPORATE GOVERNANCE REPORT**
8. REPORT ON DIRECTORS' REMUNERATIONS
9. REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

# ANNUAL CORPORATE GOVERNANCE REPORT

Read the instructions at the end of this report to correctly understand and complete the form.

## A. OWNERSHIP STRUCTURE

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

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

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

NO

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

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Interest / total voting rights (%)
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	13,262,722	10,346,192	15.344
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	12,995,941	8.446
HISPAFOODS INVEST S.L.	10,346,192	0	6.724
CASA GRANDE DE CARTAGENA, S.L.	9,475,145	0	6.158
LOLLAND, S.A.	0	9,475,145	6.158
INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.	7,750,000	0	5.037
SOCIEDAD ANÓNIMA DAMM	0	7,710,000	5.011
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	0	6,242,154	4.057

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights	Interest / total voting rights (%)
INSTITUTO HISPANICO DEL ARROZ, S.A.	HISPAFOODS INVEST S.L.	10,346,192	6.724
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	12,995,941	8.446
LOLLAND, S.A.	CASA GRANDE DE CARTAGENA, S.L.	9,475,145	6.158
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DAMM, S.A.	7,710,000	5.011
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	ACCIONES, CUPONES Y OBLIGACIONES SEGOVIANAS, S.I.C.A.V., S.A.	7,171	0.005
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	BESTINFOND, F.I.	106,693	0.069
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	BESTINVER BESTVALUE S.I.C.A.V., S.A.	196,515	0.128
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	BESTINVER BOLSA, F.I.	2,471,863	1.607
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	BESTINVER MIXTO, F.I.	549,196	0.357
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	DIVALSA DE INVERSIONES, S.I.C.A.V., S.A.	9,310	0.006
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	JORICK INVESTMENT S.I.C.A.V., S.A.	2,504	0.002
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	LINKER INVERSIONES S.I.C.A.V., S.A.	5,303	0.003
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	LOUPRI S.I.C.A.V., S.A.	14,429	0.009
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	SOIXA S.I.C.A.V., S.A.	1,871,184	1.216
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	TEXRENTA INVERSIONES S.I.C.A.V., S.A.	53,986	0.035

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

A.3. Complete the following tables on directors' voting rights corresponding to shares in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights held
ANTONIO HERNÁNDEZ CALLEJAS	30	0	0.000
JOSE BARREIRO SEOANE	3,010	0	0.002
ALIMENTOS Y ACEITES, S.A.	12,995,941	0	8.446
CAJA DE AHORROS DE SALAMANCA Y SORIA	9,247,898	0	6.010
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	0	7,750,000	5.037
CORPORACIÓN ECONÓMICA DAMM, S.A.	7,710,000	0	5.011
EUGENIO RUIZ-GÁLVEZ PRIEGO	150	0	0.000
FERNANDO CASTELLÓ CLEMENTE	2,230,000	0	1.449
FÉLIX HERNÁNDEZ CALLEJAS	10	0	0.000
JAIME CARBÓ FERNÁNDEZ	4,899	0	0.003
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	0	500,000	0.325
JUAN DOMINGO ORTEGA MARTÍNEZ	1,455	3,511,853	2.283
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	10	0	0.000

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights	% of total voting rights
JUAN DOMINGO ORTEGA MARTÍNEZ	MONZOTAMI, S.L.	2,165,773	1.408
JUAN DOMINGO ORTEGA MARTÍNEZ	QUESOS FORLASA, S.A.	1,172,080	0.762
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	FUENTE SALADA, S.L.	500,000	0.325
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLASA ALIMENTACIÓN, S.L.	174,000	0.113

<b>Total % of voting rights held by board members</b>	<b>28.567</b>
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Complete the following tables on directors with stock options in the company:

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

**Type of relationship:**  
Corporate

**Brief description:**  
Instituto Hispánico del Arroz, S.A. holds a direct interest of 51.62% and an indirect interest of 48.38% in Hispafoods Invest, S.L.

Name of related parties
Instituto Hispánico del Arroz, S.A.

**Type of relationship:**  
Corporate

**Brief description:**  
Lolland, S.A. holds an indirect interest of 100% in Casa Grande de Cartagena, S.L.

Name of related parties
Lolland, S.A.

**Type of relationship:**  
Contractual

**Brief description:**  
The companies listed below and in the second table of section A.2 of this report hold shares in Bestinver Gestión, S.A., S.G.I.I.C.: ACCIONES CUPONES Y OBLIGACIONES SEGOVIANAS, S.I.C.A.V., S.A., BESTINFOND, F.I., BESTINVER VALUE, S.I.C.A.V., S.A., BESTINVER BOLSA, F.I., BESTINVER MIXTO, F.I., DIVALSA DE INVERSIONES S.I.C.A.V., S.A., JORICK INVEST S.I.C.A.V., S.A., LINKER INVERSIONES S.I.C.A.V., S.A., LOUPRI S.I.C.A.V., S.A. and SOIXA S.I.C.A.V., S.A.

Name of related parties
Bestinver Gestión, S.A., S.G.I.I.C.

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

A.6. State whether the company has been notified of any shareholders' agreements that may affect it pursuant to the Securities Market Act s. 112. If any, describe them briefly and list the shareholders bound by the agreement:

NO

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

NO

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

A.7. Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of section 4 of the Securities Market Act:

NO

A.8. Complete the following tables on the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Treasury stock/capital (%)
5,078,735	0	3.301

(\*) Through:

<b>Total</b>	0
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Give details on any significant variations during the year, according to the provisions of Royal Decree 1362/2007:

Date of communication	Total direct shares acquired	Total indirect shares acquired	% of capital
15/01/2008	1,993,687	0	1.296
28/01/2008	1,561,886	0	1.014
15/07/2008	1,568,027	0	1.019

<b>Gain/(loss) obtained during the year on trading in own shares</b>	9
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A.9. Indicate the term and conditions of the authorisation granted by the General Meeting to the Board to buy or sell own shares

The Annual General Meeting of Shareholders held on second call on 9 June 2008 resolved, under item five on the agenda, to authorise the Board of Directors to buy back own shares and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in section 75 and Supplementary Provision One, point 2 of the current (recast) Corporations Act.

a. Conditions of the authorisation

- Authorisation to the Board of Directors to buy back own shares and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in section 75 and Supplementary Provision One, point 2 of the current (recast) Corporations Act, as indicated below:

- . The par value of the shares acquired, when added to the par value of any shares already held by the company and its subsidiaries, may not at any time exceed 5% of the capital.
- . The company must be able to fund the reserve stipulated in section 79.3 of the current Corporations Act without reducing its capital or any of its reserves restricted by law or its bylaws.
- . The shares acquired must be fully paid up.
- . The minimum and maximum price of the acquisition must be equivalent to the par value of the own shares bought back and their market price on an official secondary market, respectively, at the time of purchase.

b. Contents of the authorisation

Authorisation of the Board to buy back own shares, by virtue of a direct decision or through delegation to the Executive Committee or such person or persons as the Board may authorise for this purpose, to hold those shares as treasury stock, dispose of them or, as the case may be, redeem them reducing the capital, in pursuance of the delegation made below, subject to the limits stipulated in law and the conditions established in this resolution. The authorisation is extended to the possibility of buying back own shares for delivery directly to employees or directors of the company or its group, as alternative remuneration to monetary remuneration, provided this does not raise the total income received by those groups.

Authorisation of the Board to reduce the capital in order to redeem own shares acquired by the company or any of the companies in its group, against the capital (for their par value) and unappropriated reserves (for the amount of their acquisition in excess of that par value), in such amounts as may be deemed fit from time to time, up to the maximum of the own shares held from time to time.

Delegation to the Board to execute the resolution to reduce the capital, so that it may do so on one or several occasions or decline to do so, within a period not exceeding 18 months from the date of this General Meeting, taking whatsoever actions as may be necessary for this purpose or required by prevailing legislation.

c. Term of the authorisation

The authorisation is granted for a maximum of eighteen months from the date of the General Meeting and covers all dealings in own shares effected on the terms and conditions stated herein, without having to be repeated for each acquisition, and any funding or allocation of reserves made in pursuance of the Corporations Act.

This authorisation rendered null and void the authorisation granted to the Board at the General Meeting held on 5 18 April 2007.

A.10. Indicate any legal or bylaw constraints on the exercise of voting rights and legal restrictions on the acquisition and disposal of shares in the capital. State whether there are any legal restrictions on the exercise of voting rights:

NO

<b>Maximum percentage of voting rights that one shareholder may exercise by legal restriction</b>	0
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State whether the bylaws establish any restrictions on the exercise of voting rights:

NO

<b>Maximum percentage of voting rights that one shareholder may exercise by restriction in the bylaws</b>	0
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State whether there are any legal restrictions on the acquisition or disposal of shares in the capital:

NO

A.11. Indicate whether the General Meeting has resolved to apply the breakthrough rule against a takeover bid, under Act 6/2007:

NO

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

## B. MANAGEMENT STRUCTURE OF THE COMPANY

### B.1. Board of Directors

B.1.1. State the maximum and minimum numbers of Directors stipulated in the bylaws:

<b>Maximum number of directors</b>	15
<b>Minimum number of directors</b>	7

B.1.2. Give details of the board members:

<b>Name of director</b>	<b>Representative</b>	<b>Position on Board</b>	<b>Date first appointment</b>	<b>Date latest appointment</b>	<b>Election procedure</b>
Antonio Hernández Callejas	—	Chairman	01/01/2002	27/04/2005	Vote at AGM
José Barreiro Seoane	—	Vice-chairman	31/05/2005	05/04/2006	Vote at AGM
Alimentos y Aceites, S.A.	Francisco Ballesteros Pinto	Director	23/07/2004	27/04/2005	Vote at AGM
Caja de Ahorros de Salamanca y Soria	Carlos Martínez Mínguez	Director	21/05/2003	27/04/2005	Vote at AGM
Caja España de Inversiones, Caja de Ahorros y Monte de Piedad	Santos Llamas Llamas	Director	21/03/2002	27/04/2005	Vote at AGM
Corporación Económica Damm, S.A.	Demetrio Carceller Arce	Director	23/02/2006	05/04/2006	Vote at AGM
Eugenio Ruiz-Gálvez Priego	—	Director	25/07/2000	27/04/2005	Vote at AGM
Fernando Castelló Clemente	—	Director	13/12/2000	27/04/2005	Vote at AGM
Félix Hernández Callejas	—	Director	19/12/2007	09/06/2008	Vote at AGM
Jaime Carbó Fernández	—	Director	15/04/2004	27/04/2005	Vote at AGM
José Ignacio Comenge Sánchez-Real	—	Director	13/12/2000	27/04/2005	Vote at AGM
Juan Domingo Ortega Martínez	—	Director	23/02/2006	05/04/2006	Vote at AGM
Leopoldo del Pino y Calvo-Sotelo	—	Director	18/04/2007	18/04/2007	Vote at AGM
María Blanca Hernández Rodríguez	—	Director	23/02/2006	05/04/2006	Vote at AGM

<b>Total number of directors</b>	14
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Indicate any retirements from the board during the year:

B.1.3. Complete the following tables on the types of board members:

#### EXECUTIVE DIRECTORS

Name of Director	Committee proposing appointment	Position in company's organisation
Antonio Hernández Callejas	Nomination and remuneration committee	Chairman
Eugenio Ruiz-Gálvez Priego	Nomination and remuneration committee	Director
Jaime Carbó Fernández	Nomination and remuneration committee	General Manager

<b>Total number of executive directors</b>	3
<b>% of board</b>	21.429

#### NON-EXECUTIVE PROPRIETARY DIRECTORS

Name of Director	Committee proposing appointment	Name of significant shareholder represented or that proposed appointment
Alimentos y Aceites, S.A.	Nomination and remuneration committee	Sociedad Estatal de Participaciones Industriales
Caja de Ahorros de Salamanca y Soria	Nomination and remuneration committee	Caja de Ahorros de Salamanca y Soria
Caja España de Inversiones, Caja de Ahorros y Monte de Piedad	Nomination and remuneration committee	Invergestión, Sociedad de Inversiones y Gestión, S.A.
Corporación Económica Damm, S.A.	Nomination and remuneration committee	Sociedad Anónima Damm
Félix Hernández Callejas	Nomination and remuneration committee	Instituto Hispánico del Arroz, S.A.
Leopoldo del Pino y Calvo-Sotelo	Nomination and remuneration committee	Casa Grande de Cartagena, S.L.
María Blanca Hernández Rodríguez	Nomination and remuneration committee	Instituto Hispánico del Arroz, S.A.

<b>Total number of proprietary directors</b>	7
<b>% of board</b>	50.000

**NON-EXECUTIVE INDEPENDENT DIRECTORS**

**Name of Director**

JOSÉ BARREIRO SEOANE

**Profile**

Born in El Ferrol (La Coruña). Agricultural Engineer with B.A. in Commercial Management and Marketing (ESIC). Former Councillor for Agriculture in the Spain Mission to the World Trade Organisation and Secretary General of the Ministry of Agriculture, Food and Fisheries. Has held other important positions in different national and international organisations related with agriculture, food and fisheries.

**Name of Director**

FERNANDO CASTELLÓ CLEMENTE

**Profile**

Born in Mollerusa (Lleida). Industrial Engineer and MBA (IESE). Lecturer in the School of Engineers and Architects of Fribourg (Switzerland). Has held several important executive and management positions in companies operating in the dairy sector and has extensive experience in the sector. Currently Vice-Chairman of Merchpensión, S.A. and on the board of other consultancy and financial services companies.

**Name of Director**

JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL

**Profile**

Born in San Sebastián. Economist and graduate in International Banking. Extensive experience in the financial sector, director and executive positions in several financial institutions and insurance companies, such as Banco Hispano Americano, Mutua Madrileña and Axa Winterthur, among others. Chairman of Rexam Ibérica and Arbitraje & Inversiones S.L.

**Name of Director**

JUAN DOMINGO ORTEGA MARTÍNEZ

**Profile**

Born in Albacete. Extensive experience in the pressed cheese business segment, within the dairy sector, and in the field of renewable energies. Holds several management positions in different companies in the financial and building sectors and is also Chairman/CEO of Quesos Forlasa, S.A.

<b>Total number of independent directors</b>	4
<b>% of board</b>	28.571

OTHER NON-EXECUTIVE DIRECTORS

State why they cannot be considered proprietary or independent directors and their relationships, with the company or its executives or with the shareholders.

Indicate any variations during the year in the type of each director:

B.1.4. Explain, if appropriate, why proprietary directors have been appointed at the request of shareholders holding less than 5% of the capital.

State whether formal requests for presence on the board have been rejected from shareholders holding interests equal to or greater than others at whose request proprietary directors have been appointed. If appropriate, explain why such requests were not met.

NO

B.1.5. State whether any director has retired before the end of his/her term of office, whether said director explained the reasons for such decision to the Board and through what means, and if the explanations were sent in writing to the entire Board, explain below at least the reasons given by the director.

NO

B.1.6. Indicate the powers delegated to the Managing Director(s), if any:

B.1.7. Name Board members, if any, who are also directors or executives of other companies in the same group as the listed company:

<b>Name of director</b>	<b>Name of Group company</b>	<b>Position</b>
ANTONIO HERNÁNDEZ CALLEJAS	A W MELLISH LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ. S.A.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	AZUCARERA EBRO, S.L.U.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DANRICE, A/S	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DOSBIO 2010, S.L.U.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	EBRO AMERICA, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	NEW WORLD PASTA COMPANY	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	PULEVA BIOTECH. S.A.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN&CO LIMITED	DIRECTOR

<b>Name of director</b>	<b>Name of Group company</b>	<b>Position</b>
JOSE BARREIRO SEOANE	DOSBIO 2010, S.L.U.	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	AZUCARERA EBRO, S.L.U.	MANAGING DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	COMPañIA DE MELAZAS, S.A.	VICE-CHAIRMAN
EUGENIO RUIZ-GÁLVEZ PRIEGO	NUEVA COMERCIAL AZUCARERA, S.A.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	CASTILLO CASTELLÓ, S.A.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	EL CASTILLO DEBIC FOOD SERVICE, S.L.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	LACTIMILK, S.A.	CHAIRMAN
FÉLIX HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE LIMITED	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ, S.A.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	DANRICE, NS	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	ESPAÑOLA DE I+D, S.A.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	FALLERA NUTRICIÓN, S.L.U.	JOINT & SEVERAL DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA DE PUERTO RICO, LLC	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA EGYPT RICEMILLS, CO	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA FOODS, S.L.U.	JOINT & SEVERAL DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA HELLAS, S.A.	LIQUIDATOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA NUTRICIÓN, S.L.U.	JOINT & SEVERAL DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA RICE INDIA. PVT, LTD	JOINT & SEVERAL DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA RICEMILLS, S.L.U.	MANAGING DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERTO, N.V.	CHAIRMAN
FÉLIX HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS LIMITED	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	MUNDI RIZ, S.A.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	NURATRI, S.L.U.	JOINT & SEVERAL DIRECTOR

<b>Name of director</b>	<b>Name of Group company</b>	<b>Position</b>
FELIX HERNÁNDEZ CALLEJAS	NUTRAMAS, S.L.U.	JOINT & SEVERAL DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	NUTRIAL, S.L.U.	JOINT & SEVERAL DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	PRONATUR, S.L.U.	JOINT & SEVERAL DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	PULEVA BIOTECH, S.A.	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	RISELLA, OY	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	RIVERA DEL ARROZ, S.A.	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	S&B HERBA FOODS LIMITED	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	VITASAN, S.L.U.	JOINT & SEVERAL DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	VOGAN&CO LIMITED	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	BOOST NUTRITIÓN, C.V.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	DOSBIO 2010, S.L.U.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	EBRO AMERICA, INC.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	EL CASTILLO DEBIC FOOD SERVICE, S.L.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	HERBA GERMANY GMBH	JOINT & SEVERAL DIRECTOR
JAIME CARBÓ FERNÁNDEZ	N&C BOOST, N.V.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	NEW WORLD PASTA COMPANY	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	PANZANI, S.A.S.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	RIVIANA FOODS, INC.	DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	DOSBIO 2010, S.L.U.	DIRECTOR

B.1.8. Name the company directors, if any, who are on the Boards of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

<b>Name of Director</b>	<b>Listed Company</b>	<b>Position</b>
CAJA DE AHORROS DE SALAMANCA Y SORIA	URALITA, S.A.	DIRECTOR
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	LINGOTES ESPECIALES, S.A.	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	PROSEGUR, COMPAÑÍA DE SEGURIDAD, S.A.	DIRECTOR

B.1.9. Indicate and, where appropriate, explain whether the company has established rules on the number of directorships its directors may hold:

YES

<b>Explain the rules</b>
Article 25 of the Regulations of the Board (“General Duties of Directors”) provides in section 1 that Directors shall dedicate to the company such attention and time as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the company.

B.1.10. In connection with recommendation number 8 of the Unified Code, indicate the company policies and general strategies that must be approved by the full Board:

<b>Investment and financing policy</b>	YES
<b>Definition of the structure of the group of companies</b>	YES
<b>Corporate governance policy</b>	YES
<b>Corporate social responsibility policy</b>	YES
<b>Strategic or business plan, and the annual management objectives and budget</b>	YES
<b>Pay policy and performance rating of senior executives</b>	YES
<b>Risk management and control policy, and regular monitoring of internal reporting and control systems</b>	YES
<b>Dividend policy, treasury stock policy and, in particular, the limits established</b>	YES

B.1.11. Complete the following tables on the aggregate directors’ emoluments accrued during the year:

a) In the Company issuing this report:

<b>Emoluments</b>	<b>Thousand euro</b>
Fixed remuneration	1,226
Variable remuneration	366
Attendance fees	253
Emoluments stipulated in bylaws	2,055
Stock options and/or other financial instruments	0
Others	0

<b>Total</b>	<b>3,900</b>
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<b>Other Benefits</b>	<b>Thousand euro</b>
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	0
Pension Funds and Schemes: Obligations contracted	0
Life assurance premiums	0
Guarantees furnished by the company for directors	0

b) For company directors who are on other Boards and/or in the top management of group companies:

<b>Emoluments</b>	<b>Thousand euro</b>
Fixed remuneration	563
Variable remuneration	202
Attendance fees	15
Emoluments stipulated in bylaws	0

<b>Emoluments</b>	<b>Thousand euro</b>
Stock options and/or other financial instruments	0
Others	0

<b>Total</b>	<b>780</b>
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<b>Other Benefits</b>	<b>Thousand euro</b>
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	156
Pension Funds and Schemes: Obligations contracted	0
Life assurance premiums	0
Guarantees furnished by the company for directors	0

c) Total emoluments by type of director:

<b>Types of Directors</b>	<b>Company</b>	<b>Group companies</b>
Executive	1,592	765
Non-executive proprietary	1,590	11
Non-executive independent	718	4
Other non-executive	0	0

<b>Total</b>	<b>3,900</b>	<b>780</b>
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d) Directors' share in the profit of the parent company:

<b>Total directors' emoluments (thousand euro)</b>	<b>4,680</b>
<b>Total directors' emoluments / profit attributed to parent company (%)</b>	<b>3.6</b>

B.1.12. Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

Name	Position
FRANCISCO JAVIER LOZANO VALLEJO	FINANCE MANAGER
ALFONSO FUERTES BARRÓ	MANAGER ECONOMY
MIGUEL ANGEL PÉREZ ÁLVAREZ	SECRETARY
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY
GLORIA RODRÍGUEZ PATA	MANAGER CORPORATE ASSETS
PABLO ESTEBAN DOVAL	MANAGER INFORMATION TECHNOLOGY
JESÚS DE ZABALA BAZÁN	MANAGER AUDIT & COMPLIANCE

<b>Total remuneration top management (thousand euro)</b>	1,360
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B.1.13. Indicate globally whether any golden handshake clauses have been established for the top management, including Executive Directors, of the company or its group in the event of dismissal or change of ownership. State whether these contracts have to be notified to and/or approved by the governing bodies of the company/group companies:

<b>Number of beneficiaries</b>	3
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	Board of Directors	General Meeting
<b>Body authorising the clauses</b>	YES	NO

	<b>YES</b>
<b>Is the General Meeting informed on the clauses?</b>	X

B.1.14. Explain the process for establishing the remuneration of the Board members and the relevant articles of the Bylaws

<b>Process for establishing directors' emoluments and the relevant articles of the bylaws</b>	
<p>The current Article 22 of the Bylaws establishes the following process for directors' emoluments:</p> <p>When approving the company's accounts for the previous year, the general meeting shall set aside for the directors a share of 2.5% of the consolidated profits attributable to the company, although this sum may only be taken from the company's net profit for the year and after meeting the legal reserve requirements, setting aside for the shareholders the minimum dividend established in prevailing legislation and meeting all and any other priority assignments required by law. The directors may waive this remuneration, in full or in part, when drawing up the accounts. The board shall distribute the aforesaid sum among its members, annually and at its discretion, according to the duties assumed by each director on the board. The directors shall also be entitled to a fee for attending meetings of the corporate bodies, the amount of which shall be established every year by the general meeting.</p> <p>Directors with executive duties in the company shall, regardless of the nature of their legal relationship with the latter, be entitled to remuneration for the performance of such duties, the amount of which shall be decided each year at the Annual General Meeting. This remuneration may contemplate welfare payments to cover any public/private pension schemes and insurance systems considered necessary or retirement from office.</p> <p>On 26 February 2009, the Board resolved to freeze the statutory share of the Chairman, proprietary directors and independent directors for 2008 for the second year in succession, maintaining it at the same amount as in 2006 and 2007 and, consequently, to submit a proposal to the General Meeting to apply 1.57% of the consolidated profit attributable to the company in 2008.</p> <p>As regards the distribution of the share in profits among the different members of the Board according to the duties assumed by each of the directors on the board and its different committees, the scale applicable for 2008, after the latest review by the Board upon recommendation by the Nomination and Remuneration Committee, is as follows:</p> <ul style="list-style-type: none"> <li>• Member of the Board of Directors: 1 point</li> <li>• Chairman of the Board: 1 point</li> <li>• Vice-Chairman of the Board: 0.5 points</li> <li>• Member of the Executive Committee: 1 point</li> <li>• Committees other than the Executive Committee:             <ul style="list-style-type: none"> <li>- Member of the Committee: 0.2 points</li> <li>- Chairman of the Committee: 0.05 points per meeting</li> <li>- Committee members: 0.03 points per meeting</li> </ul> </li> </ul> <p>Attendance fees for board and committee meetings did not vary in respect of the amounts established for 2005, 2006 and 2007, maintaining the sum of 1,400 euro for each board meeting attended and 700 euro for each committee meeting attended.</p>	

State whether the full Board has reserved approval of the following decisions:

<b>At the proposal of the CEO, the appointment and possible removal of senior officers and their compensation clauses</b>	YES
<b>Directors' emoluments and, for executive directors, the additional remuneration for their executives duties and other conditions to be respected in their contracts</b>	YES

B.1.15. Indicate whether the Board approves a detailed remuneration policy and what issues it defines:

YES

<b>Amount of fixed components, with breakdown, if appropriate, of attendance fees for board and committee meetings and an estimate of the resulting annual fixed remuneration</b>	YES
<b>Variable remuneration items</b>	YES
<b>Main features of the welfare system, estimating the amount or equivalent annual cost</b>	YES
<b>Conditions to be respected in the contracts of those exercising top management duties as executive directors</b>	YES

B.1.16. State whether the Board puts a report on the directors' remuneration policy to the vote at the General Meeting, as a separate item on the agenda and with advisory status. If so, explain the aspects of the report on the remuneration policy approved by the Board for future years, the most significant changes of those policies in respect of the policy applied during this period and an overall summary of how the remuneration policy was applied during the year. Describe the role of the Remuneration Committee and, if outside counselling has been used, name the external advisers who provided it:

YES

<b>Issues contemplated in the remuneration policy</b>
<p>1. Background</p> <p>2. Internal regulations applicable</p> <p>3. Remuneration policy for 2008</p> <p style="padding-left: 20px;">3.1. Share in profits stipulated in the Bylaws</p> <p style="padding-left: 20px;">3.2. Attendance fees for meetings of corporate bodies</p> <p style="padding-left: 20px;">3.3. Executive directors</p> <p style="padding-left: 20px;">3.4. Summary of overall remuneration accrued by Ebro Puleva S.A. board members in all the Group companies</p> <p style="padding-left: 20px;">3.5. Incentive Scheme linked to fulfilment of the Ebro Puleva Group Strategic Plan 2007-2009</p> <p style="padding-left: 20px;">3.6. Other information</p> <p>4. Remuneration policy for future years.</p>

<b>Role of the Remuneration Committee</b>
<p>Examined and issued a favourable report on the Report on the Directors' Remuneration Policy for 2008, to be submitted to the Board.</p>

Was any external counselling used?	YES
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<b>Identity of the external advisers</b>
Garrigues Human Capital Services

B.1.17. Name any Board members who are also directors, executives or employees of companies holding significant interests in the listed company and/or companies in its group:

Name of director	Name of significant shareholder	Position
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.	MANAGING DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HISPAFOODS INVEST S.L.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	CASA GRANDE DE CARTAGENA, S.L.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	LOLLAND, S.A.	DIRECTOR

Describe any significant relationships other than those contemplated in the previous section between board members and significant shareholders and/or companies in their group:

**Name of director**

ANTONIO HERNÁNDEZ CALLEJAS

**Name of significant shareholder**

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

**Description of relationship**

ANTONIO HERNÁNDEZ CALLEJAS HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

**Name of director**

ANTONIO HERNÁNDEZ CALLEJAS

**Name of significant shareholder**

HISPAFOODS INVEST S.L.

**Description of relationship**

ANTONIO HERNÁNDEZ CALLEJAS HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

**Name of director**

ALIMENTOS Y ACEITES, S.A.

**Name of significant shareholder**

SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES

**Description of relationship**

THE SIGNIFICANT SHAREHOLDER SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES HAS A DIRECT HOLDING OF 91.963% IN ALIMENTOS Y ACEITES, S.A.

**Name of director**

CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD

**Name of significant shareholder**

INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.

**Description of relationship**

CAJA ESPAÑA DE INVERSIONES HAS A DIRECT HOLDING OF 100% IN INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.

**Name of director**

FÉLIX HERNÁNDEZ CALLEJAS

**Name of significant shareholder**

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

**Description of relationship**

FÉLIX HERNÁNDEZ CALLEJAS HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

**Name of director**

FÉLIX HERNÁNDEZ CALLEJAS

**Name of significant shareholder**

HISPAFOODS INVEST S.L.

**Description of relationship**

FÉLIX HERNÁNDEZ CALLEJAS HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

**Name of director**

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

**Name of significant shareholder**

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

**Description of relationship**

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

**Name of director**

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

**Name of significant shareholder**

HISPAFOODS INVEST S.L.

**Description of relationship**

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

B.1.18. State whether any modifications have been made during the year to the Regulations of the Board:

NO

B.1.19. Describe the procedures for appointment, re-election, assessment and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for appointment, re-election and removal of the directors are regulated in Articles 19 and 20 of the Bylaws, and Articles 5, 21, 22, 23 and 24 of the Regulations of the Board.

The General Meeting is responsible for deciding on the number of directors the company is to have, within the maximum (15) and minimum (7) established in the Bylaws, and for appointing or re-electing directors as proposed by the Board, subject to a favourable report by the Nomination and Remuneration Committee.

The Board may appoint directors by cooptation, upon recommendation by the Chairman and subject to a report by the Nomination and Remuneration Committee. The initiative of the Board regarding the incorporation of members by no means detracts from the sovereign power of the General Meeting to appoint and remove directors, or from any potential exercise by shareholders of their right to proportional representation.

The persons nominated by the Board for appointment or re-appointment as directors must be persons of recognised standing, with adequate experience and expertise to be able to perform their duties.

As regards the role of the Nomination and Remuneration Committee in the appointment of directors, see the duties of this Committee in section B.2.3 of this Report.

Directors are appointed for a term of four years, after which they are eligible for re-election on one or several occasions for terms of an equal duration. This term of four years is counted from the date of the General Meeting at which they are appointed, or ratified when previously appointed by cooptation by the Board.

If vacancies arise during the term for which they were appointed, the Board may appoint shareholders to fill those vacancies up to the next general meeting. Directors' appointments shall end at the first general meeting held after expiry of their term or lapse of the time stipulated in law for holding the general meeting that is to approve the accounts of the previous year.

The Board regularly rates the Directors on their efficiency and fulfilment of their obligations, requesting the corresponding reports from its Committees, and if considered necessary it may propose any modifications that may be appropriate to improve their performance.

Directors retire upon expiry of the term for which they were appointed and in all other events stipulated in the Corporations Act, the Bylaws or the Regulations of the Board. They must tender their resignations to the Board and step down in the events established in Article 24 of the Regulations of the Board.

B.1.20. Indicate the events in which directors are obliged to retire.

The retirement and resignation of directors are regulated in Article 24 of the Regulations of the Board:

- Directors must step down at the end of the term for which they were appointed and in all other events stipulated in law, the bylaws and the Regulations of the Board.

- Directors must also tender their resignations and step down in the following cases:

a) When they are affected by one of the cases of incompatibility or disqualification established in law, the bylaws or these regulations.

b) When they step down from the executive post to which their appointment as director was linked, when the shareholder they represent on the Board disposes of its shares in the company or reduces its interest to an extent requiring a reduction in the number of proprietary directors and, in general, whenever the reasons for their appointment disappear.

c) When the Board, following a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted his obligations or for reasons of corporate interest.

The Board of Directors shall propose to the General Meeting of Shareholders that a Director be removed if one of the circumstances described above occurs and the Director fails to tender his resignation.

B.1.21. Explain whether the Chairman of the Board is the highest executive of the company. If so, state what measures have been adopted to limit the risks of any single person having unfettered powers:

YES

<b>Measures for limiting risks</b>
<p>With a view to establishing corrective measures in the bylaws to prevent excessive concentration of power in the Chairman when he is also the most senior executive of the company, Article 25 of the Bylaws creates the figure of a Vice-Chairman appointed from among the non-executive directors to boost the management supervision and control duties.</p> <p>In accordance with this provision, the current Vice-Chairman of the Board, José Barreiro Seoane, is an independent director and performs the aforesaid duties.</p>

Indicate and if appropriate explain whether rules have been established authorising one of the independent directors to request the calling of a board meeting or the inclusion of new items on the agenda, to coordinate and echo the concerns of non-executive directors and to direct the assessment by the board.

YES

<b>Explanation of the rules</b>
<p>The Regulations of the Board specify the events in which directors may request the calling of a board meeting or inclusion of items on the agenda; this power is not limited to independent directors.</p> <p>Article 9.2 of the Regulations establishes that one-third of the board members may, no less than six days prior to the scheduled date of the Board meeting, request the inclusion of any items they believe ought to be transacted.</p> <p>Article 9.5 of the Regulations states that the board may discuss and resolve on issues included on the agenda and any others that all the directors present and represented agree to transact.</p> <p>Article 25.2.b) stipulates that Directors shall also request meetings of the corporate bodies to which they belong whenever they consider this necessary in the interests of the Company, proposing whatever items they think should be included on the agenda.</p> <p>Finally, Article 33.1 provides that if the Chairman of the Board is also the chief executive of the company, a Vice-Chairman must be appointed from among the non-executive directors with the power to request the calling of a board meeting or the inclusion of new items on the agenda, who may organise meetings to coordinate non-executive directors and will direct the Chairman performance rating.</p>

B.1.22. Are special majorities differing from those stipulated in law required for any type of decision?:

NO

Explain how resolutions are adopted on the Board, indicating at least the quorum and the majorities required for adopting resolutions:

**Description of the resolution:**

Resolutions delegating powers to the Executive Committee and Managing Director, or CEO, and appointing directors to those positions.

Quorum	%
Quorum for attendance: two-thirds of the Board members	66.66

Majority	%
These resolutions are adopted by a majority of two-thirds of the Board members	66.66

**Description of the resolution:**

Ordinary resolutions.

Quorum	%
Quorum for attendance: one-half plus one of the Board members	51.00

Majority	%
These resolutions are adopted by absolute majority of the directors present or represented at each meeting.	51.00

B.1.23. Are there any specific requirements, other than those established for directors, to be appointed Chairman?

NO

B.1.24. Does the Chairman have a casting vote?

YES

Matters on which there is a casting vote
All.

B.1.25. Do the Bylaws or Regulations of the Board establish an age limit for directors?

NO

Age limit Chairman	Age limit Managing Director	Age limit Director
0	0	0

B.1.26. Do the Bylaws or Regulations of the Board establish a limited term of office for independent directors?

NO

Maximum number of years in office	0
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B.1.27. If the number of female directors is small or non-existent, explain why and the initiative taken to remedy that situation.

Explanation of reasons and initiatives
<p>Board members are appointed regardless of candidates' sex so there is no positive or negative discrimination of any nature in the election of directors.</p> <p>María Blanca Hernández Rodríguez was appointed director in 2006.</p>

In particular, indicate whether the Nomination and Remuneration Committee has established procedures to ensure that the selection procedures are not implicitly biased against the selection of female directors and deliberately search for candidates with the required profile:

NO

B.1.28. Are there any formal procedures for the delegation of votes at Board meetings? If so, include a brief description.

Both the Bylaws (Article 24) and the Regulations of the Board (Article 10) contemplate the possibility of directors attending Board meetings through a duly authorised proxy.

The proxy must be made in writing especially for each board meeting, in favour of another director.

The represented director may issue specific instructions on how to vote on any or all of the items on the agenda.

B.1.29. State the number of meetings held by the Board of Directors during the year, indicating, if appropriate, how many times the Board has met without the Chairman:

<b>Number of board meetings</b>	12
<b>Number of board meetings held without the chairman</b>	0

Number of meetings held by the different Committees of the Board:

<b>Number of meetings of the Executive Committee</b>	7
<b>Number of meetings of the Audit Committee</b>	5
<b>Number of meetings of the Nomination and Remuneration Committee</b>	4
<b>Number of meetings of the Nomination Committee</b>	0
<b>Number of meetings of the Remuneration Committee</b>	0

B.1.30. Number of meetings held by the Board during the period without the attendance of all its members. Proxies made without specific instructions will be considered absences:

<b>Number of absences of directors during the year</b>	8
<b>% absences to total votes during the year</b>	4.760

B.1.31. Are the separate and consolidated annual accounts submitted to the Board for approval previously certified?

NO

If so, name the person(s) who certify the separate or consolidated annual accounts of the company before they are approved by the Board:

B.1.32. Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the separate and consolidated accounts laid before the General Meeting.

Relations with the auditors are expressly regulated in Article 19 of the Regulations of the Board, which stipulates in section 2 that the Board shall endeavour to draw up the Annual Accounts in such a way as to avoid a qualified Auditors' report.

Within the specific duties attributed to the board in certain areas, Article 7.1 of the Regulations establishes that the Board shall see that the separate and consolidated Annual Accounts and Directors' Reports give a true and fair view of the equity, financial position and results of the company, as stipulated in law, and each and all of the Directors shall have all the necessary information before signing the Annual Accounts.

Article 13.3 of the Regulations of the Board gives the Audit and Compliance Committee certain powers to ensure that the Annual Accounts are filed without a qualified auditors' report (see section B.2.3).

B.1.33. Is the Secretary of the Board a Director?

NO

B.1.34. Explain the procedure for appointment and removal of the Secretary of the Board, indicating whether the Nomination Committee has issued a report for such appointment and removal and whether they were approved by the full board.

<b>Appointment and removal procedure</b>
<p>The Secretary of the Board may or may not be a director, is appointed by the Board upon recommendation by the Nomination and Remuneration Committee, after ensuring that his/her professional profile is adequate to guarantee the best performance of the duties corresponding to this position by law, the bylaws and regulations of the board.</p> <p>The company has not established any procedure for removal of the Secretary of the Board other than that stipulated in law, although Article 24.3 of the Regulations of the Board submits the Secretary, regardless of whether or not he/she is also a director, to the same obligations as the directors of explaining to all the Board members the reasons for retirement or resignation prior to the end of his/her term of office.</p>

<b>Does the Nomination Committee issue a report on the appointment?</b>	YES
<b>Does the Nomination Committee issue a report on the removal?</b>	YES
<b>Does the full Board approve the appointment?</b>	YES
<b>Does the full Board approve the removal?</b>	YES

Is the Secretary of the Board responsible especially for overseeing compliance with the recommendations on good governance?

YES

<b>Comments</b>
<p>Article 36.2 of the Regulations of the Board provides that in addition to the duties assigned by law and the bylaws, the Secretary of the Board shall, in particular:</p> <p>a) Ensure that the Board's actions:</p> <ul style="list-style-type: none"> <li>- Conform to the text and spirit of the laws and statutory instruments, including those approved by the watchdogs.</li> <li>- Conform to the company Bylaws and the Regulations of the General Meeting, the Board and any other regulations the company may have.</li> <li>- Take account of the recommendations on good governance accepted by the company.</li> </ul> <p>b) Keep all company documents, duly record the proceedings of meetings in the corresponding minute books and certify the resolutions of those corporate bodies of which he/she is Secretary.</p> <p>c) Channel, generally, the Company's relations with Directors in all matters concerning the functioning of the Board and the Committees he/she is on, following the instructions of the respective Chairman.</p> <p>d) Implement and facilitate exercise by the Directors of their right to information on the terms stipulated in these Regulations.</p>

B.1.35. Describe any mechanisms established by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

Both the Bylaws and the Regulations of the Board vest in the Audit and Compliance Committee the power, among others, to contact the auditors and receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, and receive information from and exchange communications with the auditors in accordance with prevailing auditing standards and legislation.

Article 19 of the Regulations of the Board addresses relations with the auditors, obliging the Board to establish an objective, professional, continuous relationship with the External Auditors of the Company appointed by the General Meeting, guaranteeing their independence and putting at their disposal all the information they may require to perform their duties. It further establishes that the aforesaid relationship with the External Auditors of the Company and the relationship with the Internal Audit Manager shall be conducted through the Audit and Compliance Committee.

Finally, Article 28.2 of the Bylaws and Article 13.3 of the Regulations of the Board establish the following powers of the Audit and Compliance Committee in this respect:

- Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be drawn up in accordance with current legislation give a true and fair view of the net worth, financial position and results of the Company, ensuring also that interim accounts are drawn up according to the same accounting principles as the annual accounts, considering the possibility, if appropriate, of requiring the external auditors to make a limited audit thereof.
- Have contacts with the 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 Auditors in accordance with prevailing auditing standards and legislation.

B.1.36. Indicating whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

NO

Outgoing auditor	Incoming auditor

Explain any disagreements with the outgoing auditor:

NO

B.1.37. State whether the firm of auditors does any work for the company and/or its group other than standard audit work and if so, declare the amount of the fees received for such work and the percentage it represents of the total fees invoiced to the company and/or its group.

YES

	Company	Group	Total
<b>Cost of work other than auditing (thousand euro)</b>	65	232	297
<b>Cost of work other than auditing / Total amount invoiced by the auditors (%)</b>	19.200	11.900	12.980

B.1.38. Indicate whether the auditors' report on the annual accounts of the previous year was qualified. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualifications.

NO

B.1.39. State the number of years in succession that the current firm of auditors has been auditing the annual accounts of the company and/or its group. Indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Company	Group
<b>Number of years in succession</b>	13	13

	Company	Group
<b>Number of years audited by current auditors / Number of years that the company has been audited (%)</b>	65.0	65.0

B.1.40. Indicate the stakes held by Board members in the capital of undertakings engaged in activities identical, similar or complementary to those comprising the objects of the Company and its Group, as far as the company has been notified. Indicate also the positions held or duties performed in those undertakings:

Name of director	Name of company	% interest	Position or duties
ANTONIO HERNÁNDEZ CALLEJAS	INSTITUTO HISPANICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
ANTONIO HERNÁNDEZ CALLEJAS	CASARONE AGROINDUSTRIAL, S.A.	3.620	NO POSITION HELD
CAJA DE AHORROS DE SALAMANCA Y SORIA	MARCOS SOTERRANO, S.L.	50.000	NO POSITION HELD
CAJA DE AHORROS DE SALAMANCA Y SORIA	BARRANCARNES INDUSTRIAL, S.A.	40.000	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	DIBAQ DIPROTEG, S.A.	27.010	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	LEONESA ASTUR DE PIENSOS, S.A.	41.290	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	QUALIA LÁCTEOS, S.L.	26.469	NO POSITION HELD

Name of director	Name of company	% interest	Position or duties
CAJA DE AHORROS DE SALAMANCA Y SORIA	JAMONES BURGALÈSES, S.A.	40.000	DIRECTOR
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	CAMPO INVERSIONES, S.A.	100.000	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	16.666	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	CASARONE AGROINDUSTRIAL, S.A.	3.620	DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	QUESOS FORLASA, S.A.	60.690	PHYSICAL REPRESENTATIVE OF THE CORPORATE MANAGING DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLASA ALIMENTACIÓN, S.L.	60.840	MANAGING DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLACTARIA OPERADORES LECHEROS, S.A.	59.850	CHAIRMAN OF THE BOARD
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	CASARONE AGROINDUSTRIAL, S.A.	3.020	NO POSITION HELD

B.1.41. Indicate, giving details if appropriate, whether a procedure has been established for directors to receive external counselling:

YES

Details of procedure
<p>The directors' right to counselling and information is regulated in Article 30 of the Regulations of the Board, which provides in 30.2 that:</p> <p>a. Any Director may, in the course of any specific duties commissioned to him on an individual level or within the framework of any of the Committees of the Board, request the Chairman to contract, at the Company's expense, such legal advisers, accountants, technical, financial or commercial experts or others as he may consider necessary, in order to assist him in the performance of his duties, provided such counselling is justified is to resolve specific problems that are particularly complex and important.</p> <p>b. Considering the circumstances of the specific case, the Chairman may (i) deny or authorise the proposal in a communication sent through the Secretary of the Board, who shall, provided the proposal is authorised, contract the expert in question; and (ii) put the proposal to the Board, which may refuse to finance the counselling if it considers it unnecessary for discharging the duties commissioned, or out of proportion with the importance of the matter, or if it considers that the technical assistance requested could be adequately provided by Company employees.</p>

B.1.42. Indicate, with details if appropriate, whether there is an established procedure for directors to obtain sufficiently in advance any information they may need to prepare the meetings of the governing bodies:

YES

<b>Details of procedure</b>
<p>Article 25.2 a) of the Regulations of the Board establishes the duty of directors to request the necessary information to adequately prepare Board and Committee meetings.</p> <p>Articles 9.1 and 9.3 of the Regulations of the Board in turn establish that (i) directors shall receive information at Board meetings on the most important aspects of corporate management, any foreseeable risk situations for the company and its subsidiaries and the actions proposed by the Top Management in respect thereof; and (ii) whenever possible, any necessary information relating to the items on the agenda shall be sent to the Directors together with the notice of call.</p> <p>The procedure for informing directors is regulated in Article 30.1 of the Regulations of the Board, which provides that whenever so required in the performance of their duties, directors shall have the fullest powers to obtain information on any corporate affairs, obtaining such documents, records, background information or other elements as they may require in this respect. This right to information is extended to subsidiaries.</p> <p>All requests for information shall be addressed to the Chairman and met by the Secretary of the Board, who shall supply the information directly or indicate who is to be contacted within the Company and, in general, establish the necessary measures to fully meet the director's right to information.</p>

B.1.43. Indicate, with details if appropriate, whether the company has established any rules obliging Directors to report and, if necessary, retire in any situations that could be detrimental to the prestige and reputation of the company:

YES

<b>Explanation</b>
<p>Article 22 of the Regulations of the Board, which regulates the incompatibilities of directors and establishes their obligations in respect of no competition, conflicts of interest and related-party transactions, also expressly stipulates that if a director is sued or tried for any of the offences contemplated in the Corporations Act s. 124, the Board shall examine the case as soon as possible and decide, in consideration of the specific circumstances, whether or not the Director in question should remain in office, including a reasoned report in the Annual Corporate Governance Report.</p>

B.1.44. Has any member of the Board informed the company that he/she has been sued or brought to trial for any of the offences contemplated in section 124 of the Corporations Act?

NO

Has the Board studied the case. If so, indicate and explain the decision made as to whether or not the director should remain in office?

NO

<b>Decision adopted</b>	<b>Reasoned explanation</b>

## B.2. Committees of the Board

B.2.1. Give details of the different committees and their members:

### EXECUTIVE COMMITTEE

Name	Position	Type
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	EXECUTIVE
CAJA DE AHORROS DE SALAMANCA Y SORIA	MEMBER	PROPRIETARY
CORPORACIÓN ECONÓMICA DAMM, S.A.	MEMBER	PROPRIETARY
JOSÉ BARREIRO SEOANE	MEMBER	INDEPENDENT
LEOPOLDO DEL PINO Y CALVO-SOTELO	MEMBER	PROPRIETARY

### AUDIT COMMITTEE

Name	Position	Type
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	CHAIRMAN	INDEPENDENT
CAJA DE AHORROS DE SALAMANCA Y SORIA	MEMBER	PROPRIETARY
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	MEMBER	PROPRIETARY
FERNANDO CASTELLÓ CLEMENTE	MEMBER	INDEPENDENT
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	MEMBER	PROPRIETARY

### STRATEGY AND INVESTMENT COMMITTEE

Name	Position	Type
CORPORACIÓN ECONÓMICA DAMM, S.A.	CHAIRMAN	PROPRIETARY
ANTONIO HERNÁNDEZ CALLEJAS	MEMBER	EXECUTIVE
CAJA DE AHORROS DE SALAMANCA Y SORIA	MEMBER	PROPRIETARY
JUAN DOMINGO ORTEGA MARTÍNEZ	MEMBER	INDEPENDENT
LEOPOLDO DEL PINO Y CALVO-SOTELO	MEMBER	PROPRIETARY

## NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Type
JUAN DOMINGO ORTEGA MARTÍNEZ	CHAIRMAN	INDEPENDENT
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	MEMBER	PROPRIETARY
CORPORACIÓN ECONÓMICA DAMM, S.A.	MEMBER	PROPRIETARY
FERNANDO CASTELLÓ CLEMENTE	MEMBER	INDEPENDENT
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	MEMBER	PROPRIETARY

B.2.2. State whether the Audit Committee has the following duties:

<b>Oversee the preparation and integrity of the company's, and where appropriate the group's, financial reporting, checking compliance with the legal requirements, adequate definition of the consolidated group and correct application of accounting principles</b>	YES
<b>Regularly check the internal control and risk management systems, ensuring that the principal risks are adequately identified, managed and reported</b>	YES
<b>Ensure the independence and efficacy of the internal audit duties; propose the nomination, appointment, re-appointment and removal of the chief audit officer; propose the budget for this department; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports</b>	YES
<b>Establish and supervise a "whistle-blowing" procedure so employees can confidentially or, where appropriate, even anonymously report any irregularities they observe in the company's conduct, particularly in financial and accounting aspects.</b>	YES
<b>Submit to the Board proposals for nomination, appointment, re-appointment and replacement of external auditor, and terms of engagement</b>	YES
<b>Receive regularly from the external auditor information on the audit plan and the outcome of its fulfilment and see that top management heeds its recommendations</b>	YES
<b>Guarantee the independence of the external auditor</b>	YES
<b>In the case of groups, encourage the group auditor to audit the different companies in the group</b>	YES

### B.2.3. Describe the rules of organisation and procedure and the responsibilities attributed to each Committee

#### **Name of committee**

STRATEGY AND INVESTMENT COMMITTEE

#### **Brief description**

The Strategy and Investment Committee has a minimum of three and a maximum of five Directors, including a Chairman, appointed by the Board of Directors in accordance with the company bylaws. The Committee meets whenever called by its Chairman or at the request of two of its members and whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Notices of call are issued by the Secretary by order of the Chairman. Whenever the Committee so requests its Chairman, its meetings may be attended by any member of the management team of the Company, who may speak but not vote. At the following Board meeting, the Chairman of the Strategy and Investment Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board. The Strategy and Investment Committee studies, issues reports and submits proposals for the Board on the following matters: a) Setting of targets for growth, yield and market share of the company. b) Development plans, new investments, and strategic restructuring processes. c) Coordination with subsidiaries in the matters contemplated a) and b), for the common interest and benefit of the Company and its subsidiaries. In the performance of its duties, it may, where necessary, obtain information and collaboration from the members of the Company management, through the Chairman of the Committee.

#### **Name of committee**

NOMINATION AND REMUNERATION COMMITTEE

#### **Brief description**

The Nomination and Remuneration Committee has a minimum of three and a maximum of five non-executive Directors, appointed by the Board of Directors in accordance with the company bylaws. This notwithstanding, the Company Secretary acts as Secretary of the Committee, with voice but no vote, issuing minutes of all resolutions adopted. The Committee appoints one of its members to be Chairman. The Committee meets whenever called by its Chairman or at the request of two of its members and at least once every three months. It also meets whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Meetings are called by the Secretary of the Committee by order of the Chairman. Whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote.

At the following Board meeting, the Chairman of the Nomination and Remuneration Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board.

The Committee studies, issues reports and submits proposals for the Board on the following matters: a) Definition and revision, where necessary, of the criteria to be followed for the composition and structure of the Board, and for selection of candidates to sit on the Board. It informs in advance on the appointment of a director by cooptation or the submission of any proposals to the general meeting regarding the appointment or removal of directors. b) Appointment of the Chairman, Vice-Chairman, Managing Director if any, General Manager and Company Secretary, and assignment of the directors to the Executive Committee, the Audit and Compliance Committee and the Strategy and Investment Committee, and appointment of the members of the Management Committee and such other advisory committees as the Board may create, as well as the appointment and possible removal of senior officers and their contractual clauses regarding severance pay. c) Position of the company on the appointment and removal of members of the governing bodies of its subsidiaries. d) Proposal of directors' emoluments, in accordance with the rules on remuneration established in the Bylaws and the relations of executive directors with the company. The Committee must also inform in advance on any resolution or proposal of the Board on the remuneration of directors and executives indexed to the share price of the company or its subsidiaries, or consisting of the delivery of shares in the company or its subsidiaries or stock options. e) Preparation, if appropriate, of a proposal on the Statute of Senior Positions. f) Supervision of the Top Management remuneration and incentives policy, being informed and informing also on the criteria followed by the company's subsidiaries. g) Assessment of the principles of the policy regarding the training, promotion and selection of management personnel in the parent company and its subsidiaries, where appropriate. h) Examination and organisation, howsoever may be considered appropriate, of the succession of the Chairman and CEO and, where appropriate, submission of proposals to the Board to ensure that the succession is made in an orderly, well-planned fashion. i) Proposal for the appointment of senior executives of the Company and determination of their terms of

contract and remuneration, considering this to include any executives with a rank equal to or higher than Department Manager, being informed and informing also on the appointments and terms of contract of the senior executives of the company's subsidiaries.

**Name of committee**

EXECUTIVE COMMITTEE

**Brief description**

In addition to the Chairman and the Vice-Chairman, other Directors may sit on the Executive Committee, up to a maximum of seven members, with the composition stipulated in the Bylaws. All the members of this Committee are appointed by the Board, which also specifies what powers are delegated to it, in accordance with the Bylaws and the Regulations of the Board, requiring votes in favour of at least two-thirds of the Board members to carry the relevant resolutions. Save otherwise resolved by the Board, all the powers of the Board that may be delegated according to law, the Bylaws and the Regulations are deemed delegated to this Committee on its creation, subject to the limits established from time to time in the recommendations on good corporate governance. The Chairman and Secretary of the Board hold the corresponding positions on the Executive Committee. The Executive Committee generally holds one meeting a month. Its meetings may be attended by such members of management, employees and advisers of the company as the Committee may deem fit. Without prejudice to the autonomy of decision of the Executive Committee in respect of the delegated powers, its resolutions being fully valid and effective without ratification by the Board, whenever circumstances so require, in the opinion of the Chairman or three members of the Committee, the resolutions adopted by the Executive Committee are submitted to the Board for ratification. This is also the case in matters which the Board has delegated the Committee to study, while reserving for itself the ultimate decision, in which case the Executive Committee merely submits the corresponding proposal to the Board. At the request of any of its members, the Directors will be informed at the first Board meeting following any meeting of the Executive Committee of all resolutions adopted by the latter since the previous Board meeting. Directors are granted access to the minutes of Executive Committee meetings whenever they so request of the Secretary of the Board. The Executive Committee has the following powers: a) Adopt resolutions corresponding to the powers delegated to it by the Board of Directors. b) Monitor and supervise the overall and day-to-day management of the Company, ensuring adequate coordination with the subsidiaries in the common interests of the latter and the company. c) Study and propose the guidelines defining the business strategy, supervising its implementation. d) Discuss and report to the Board on any matters related with the following business, regardless of whether or not they have been delegated by the Board: - Individual and consolidated annual budget of the company, specifying the amounts budgeted for each core business. - Monthly monitoring of the economic management, deviations from the budget and proposals for remedial measures, if necessary. - Significant material or financial investments and their corresponding economic justification. - Alliances and agreements with companies considered important for the company, by virtue of their amount or nature. - Financial transactions of economic importance for the company. - Programme of medium-term activities. - Assessment of the achievement of objectives by the different operating units of the company. - Monitoring and assessment of the aspects contemplated in d) in the subsidiaries. e) Adopt resolutions corresponding to the acquisition and disposal of treasury stock by the Company, in accordance with the authorisation granted by the General Meeting. A particular director may be appointed to execute and process decisions to buy or sell own shares, overseeing and, where necessary, authorising, provided it is lawful, any agreements that may be made by subsidiaries for the acquisition and disposal of own shares or shares in the company.

**Name of committee**

AUDIT COMMITTEE

**Brief description**

The Audit and Compliance Committee has a minimum of three and a maximum of five non-executive Directors appointed by the Board in accordance with the company Bylaws. The Board appoints one of the Committee members who are independent directors Chairman of this Committee, to be replaced every four years and becoming eligible for re-election one year after his retirement as such. The Chairman of the Board may attend the meetings of this Committee, with voice but no vote. In the absence of the Chairman, he is provisionally substituted by the Committee member so appointed by the Board, or otherwise by the oldest member of the Committee. The Company Secretary is Secretary of this Committee, with voice but no vote, issuing minutes of the resolutions adopted. The Committee meets as and when called by its Chairman, or at the request of two of its members and at least once every three months. It also meets whenever the Board requests the issuance of reports, submission of proposals or

adoption of resolutions within the scope of its duties. The notice of call is issued by the Secretary of the Committee by order of the Chairman. Apart from the members, any directive may be called to attend a committee meeting. Committee meetings are held at the registered office of the company, or wheresoever else the Chairman may indicate, specifying the venue in the notice of call, and are quorate when attended, in person or by proxy, by the majority of its members. Resolutions are adopted with the favourable votes of the majority of the members attending the meeting in question. In the event of a tie, the chairman or acting chairman has the casting vote. At the following Board meeting, the Chairman of the Audit and Compliance Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board. The Audit and Compliance Committee has the following powers: a) Be informed of the procedures and systems used for drawing up the financial information of the Company, supervising the services of the Internal Audit Department. b) 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. c) Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be drawn up in accordance with current legislation give a true and fair view of the net worth, financial position and results of the Company, making sure that interim accounts are drawn up according to the same accounting principles as the annual accounts, considering the possibility of requesting the external auditors to make a limited audit thereof. In this respect, it also sees that the internal control systems are adequate and effective in respect of the accounting practices and principles used for drawing up the annual accounts of the company, supervising the policies and procedures established for ensuring 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. Furthermore, whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote. d) Have contacts with the 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. e) Be informed of the decisions adopted by the top management according to recommendations made by the External Auditors in connection with the audit. f) Inform the Board before the latter body adopts any decision regarding related-party transactions submitted for authorisation. g) Establish an internal "whistle-blowing" procedure so employees can confidentially report any potentially important irregularities. h) Supervise compliance with the internal codes of conduct and the rules on good corporate governance.

**Name of committee**

MANAGEMENT COMMITTEE

**Brief description**

The Board appoints a Management Committee, consisting of the persons responsible for the principal management units and business areas of the Company and its subsidiaries and the executive directors proposed by the Nomination and Remuneration Committee, chaired by the Chairman of the Board or the Managing Director, as the case may be. The Company Secretary is Secretary of this Committee. The Management Committee prepares and follows up decisions within the management of the Company, regarding strategy, budget, finance and personnel, draws up business plans and controls their implementation, defining the Company's position in respect of its subsidiaries on these matters. The Committee meets whenever called by its Chairman and in any case whenever the Board or Committees of the Board request the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Committee meetings are called by the Secretary, by order of the Chairman.

B.2.4. Indicate, where appropriate, the advisory or counselling powers and delegations, if any, of each committee:

**Name of committee**

STRATEGY AND INVESTMENT COMMITTEE

**Brief description**

THOSE CONTEMPLATED IN ARTICLE 15 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

**Name of committee**

NOMINATION AND REMUNERATION COMMITTEE

**Brief description**

THOSE CONTEMPLATED IN ARTICLE 14 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

**Name of committee**

EXECUTIVE COMMITTEE

**Brief description**

THOSE CONTEMPLATED IN ARTICLE 12 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

**Name of committee**

AUDIT COMMITTEE

**Brief description**

THOSE CONTEMPLATED IN ARTICLE 13 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

B.2.5. Indicate the existence, if appropriate, of regulations of the board committees, where they are available for consultation and any modifications made during the year. State whether an annual report has been issued voluntarily on the activities of each committee.

**Name of committee**

STRATEGY AND INVESTMENT COMMITTEE

**Brief description**

There is no separate text regulating the Strategy and Investment Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 15).

The Regulations of the Board are available for consultation on the company's web site ([www.ebropuleva.es](http://www.ebropuleva.es)) and on the web site of the National Securities Market Commission ([www.cnmv.es](http://www.cnmv.es)).

**Name of committee**

NOMINATION AND REMUNERATION COMMITTEE

**Brief description**

There is no separate text regulating the Nomination and Remuneration Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 14).

**Name of committee**

EXECUTIVE COMMITTEE

**Brief description**

There is no separate text regulating the Executive Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 12).

**Name of committee**

AUDIT COMMITTEE

**Brief description**

There is no separate text regulating the Audit Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 13).

**Name of committee**

MANAGEMENT COMMITTEE

**Brief description**

There is no separate text regulating the Management Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 16).

B.2.6. Does the composition of the Executive Committee reflect the participation on the Board of the different types of Director?

YES

**C. RELATED-PARTY TRANSACTIONS**

C.1. Does the full Board reserve the right to approve, subject to a favourable report by the Audit and Compliance Committee or such other committee it may have commissioned, any transactions between the company and its directors, significant or represented shareholders or parties related thereto?

YES

C.2. List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and controlling shareholders of the company:

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA FOODS, S.L.U.	CONTRACTUAL	Services received	50
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA NUTRICIÓN, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	2
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	3,838
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Services received	513
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Purchase of goods (finished or otherwise)	10,707
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Lease	86
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	2,903
SOCIEDAD ANÓNIMA DAMM	NUEVA COMERCIAL AZUCARERA, S.A.	CONTRACTUAL	Sale of goods (finished or otherwise)	4,078
SOCIEDAD ANÓNIMA DAMM	PULEVA FOOD, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	639

C.3. List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of company or group company	Nature of the transaction	Type of transaction	Amount (thousand euro)
CAJA DE AHORROS DE SALAMANCA Y SORIA	AGROTEO, S.A	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	1,713
CAJA DE AHORROS DE SALAMANCA Y SORIA	AZUCARERA EBRO, S.L.U.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	8,736
CAJA DE AHORROS DE SALAMANCA Y SORIA	AZUCARERA EBRO, S.L.U.	FINANCIAL	Guarantees and securities received	1,918
CAJA DE AHORROS DE SALAMANCA Y SORIA	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	19,296
CAJA DE AHORROS DE SALAMANCA Y SORIA	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	FINANCIAL	Guarantees and securities received	6,000
CAJA DE AHORROS DE SALAMANCA Y SORIA	EBRO PULEVA, S.A.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	55,792
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	AGROTEO, S.A	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	99
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	AZUCARERA EBRO, S.L.U.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	26,164
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	BIOCARBURANTES DE CASTILLA Y LEON, S.A.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	20,604
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	EBRO PULEVA, S.A.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	31,807

C.4. List any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which do not, by virtue of their object or terms, correspond to the normal business of the Company:

**Name of group company**  
BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.  
**Amount (thousand euro)**  
3,117  
**Brief description of the transaction**  
FINANCING ARRANGEMENTS: SUBORDINATED LOANS

**Name of group company**  
BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.  
**Amount (thousand euro)**  
54,966  
**Brief description of the transaction**  
GUARANTEES AND SECURITIES

C.5. State whether any of the board members have entered into any conflicts of interest pursuant to s. 127 ter of the Corporations Act during the period.

YES

**Name of director**  
ANTONIO HERNÁNDEZ CALLEJAS  
**Description of the conflict of interest**  
See section B.1.40 of this report concerning his interest in Instituto Hispánico del Arroz, S.A. and Casarone Agroindustrial, S.A. He also holds a 16.666% stake in Hispafoods Invest, S.L.

**Name of director**  
CAJA DE AHORROS DE SALAMANCA Y SORIA  
**Description of the conflict of interest**  
See section B.1.40 of this report concerning its interest and positions in the following companies: Barrancarnes Industriales, Jamones Burgaleses, S.A., Leonesa Astur de Piensos, S.A., Divaq, S.A., Marcos Sotoserrano, S.L. and Qualia Lácteos, S.L.

**Name of director**  
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD  
**Description of the conflict of interest**  
See section B.1.40 of this report concerning its interest and position in Campo de Inversiones, S.A. It also has a 100% stake in Invergestión, Sociedad de Inversiones y Gestión, S.A., in which it is Managing Director.

**Name of director**  
FÉLIX HERNÁNDEZ CALLEJAS  
**Description of the conflict of interest**  
See section B.1.40 of this report concerning his interest in Instituto Hispánico del Arroz, S.A. and Casarone Agroindustrial, S.A. He also holds a 16.666% stake in Hispafoods Invest, S.L.

**Name of director**  
JUAN DOMINGO ORTEGA MARTÍNEZ  
**Description of the conflict of interest**  
See section B.1.40 of this report concerning his interest and position in the following companies: Forlasa Alimentación, S.L., Quesos Forlasa, S.A. and Forlactaria Operadores de Leche, S.A.

**Name of director**

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

**Description of the conflict of interest**

See section B.1.40 of this report concerning her interest in Instituto Hispánico del Arroz, S.A. and Casarone Agroindustrial, S.A. She also holds a 16.666% stake in Hispafoods Invest, S.L.

C.6. Explain the mechanisms established to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or controlling shareholders.

The Audit and Compliance Committee ensures that the internal audit procedures and internal control systems are adequate and informs the Board on the related-party transactions submitted for its consideration and control of any possible conflicts of interest.

Under Article 28 of the Bylaws, the Audit Committee has, among others, the power to ensure that transactions between the company and its subsidiaries or between these companies and their controlling shareholders are made on arm's length terms and respecting the principle of equal treatment, thus controlling any conflicts of interest that may arise in these related-party transactions.

Under Article 6 of the Regulations of the Board, the Board is competent, once a favourable report has been issued by the Audit and Compliance Committee, to authorise any related-party transactions between the company or group companies and directors, controlling shareholders or shareholders represented on the board. This authorisation is not necessary when the transactions meet all of the following three conditions:

- If the transactions are made under contracts with standard terms and conditions applied globally to many clients.
- If the transactions are made at prices or rates established generally by the supplier of the good or service in question.
- If the amount of the transaction is no more than 1% of the annual income of the company.

Article 22 of the Regulations of the Board establishes the following prohibitions and disqualifications, among others, for directors:

- Holding positions or duties of representation, management, counselling or rendering of services in rival companies or the holding or performance of such positions, duties or services in companies having a controlling stake in rival companies.
- Attendance and participation in the discussions of any of the corporate bodies concerning business in which the director personally, or a member of his/her family or a company in which the director has an executive position or a significant shareholding, has an interest.
- Direct or indirect participation in related-party transactions with the company or other group companies without previously informing the Board and seeking its approval, except in the cases contemplated in Article 6.5 of these Regulations.

The article also bars from the board anyone who, personally or through an intermediary, holds office in or is a representative of or is otherwise related to companies that are habitual clients or suppliers of goods and services of the company, whenever this condition may give rise to a conflict or clash of interest with the Company or its subsidiaries; in such cases the Chairman shall be informed of the situation and request a report from the Audit and Compliance Committee. Financial institutions providing financial services for the company are excluded from the foregoing. Nor may anyone related through family, professional or commercial ties to executive directors or other senior officers of the Company be members of the Board unless, after informing the Chairman of this situation, a report is issued by the Audit and Compliance Committee excluding the specific case from this prohibition.

C.7. Is more than one company of the Group listed in Spain?

YES

Name the listed subsidiaries:

<b>Listed subsidiary</b>
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PULEVA BIOTECH, S.A.
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State whether the respective areas of activity and possible business relations between them have been publicly defined, and those of the listed subsidiary with the other group companies:

YES

<b>Define any business relations between the parent company and the listed subsidiary, and between the latter and other group companies</b>
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Details are set out below of the significant transactions involving a transfer of resources made during the 2008 financial year between the Puleva Biotech Group and the following companies wholly-owned by its controlling shareholder, Ebro Puleva, S.A.: Puleva Food, S.L.U., Herba Ricemills, S.L.U., Panzani, SAS and S&B Herba Foods Ltd..

There is a theoretical possibility of a conflict of interest deriving from the fact that the shareholders of Puleva Biotech, S.A. , which is also a listed company, do not entirely coincide with those of its parent company Ebro Puleva, S.A. It is, therefore, essential that the terms of contract in all business relations between the different companies of the Ebro Puleva group and Puleva Biotech, S.A. are made strictly on arm's length terms, to avoid any detriment to the minority shareholders of either company, which are not represented on the boards of the contracting companies and, consequently, do not participate in the decision-making process.

During 2008, Puleva Biotech, S.A. and Española de I+D, S.A. continued developing several contracts with the companies in the Ebro Puleva Group named above:

1. R+D+I services contract between Puleva Food S.L.U. and Puleva Biotech, S.A.

Puleva Biotech S.A. continued to provide R+D+I services for Puleva Food S.L.U. in 2008 by virtue of a number of project-specific contracts signed between the two companies, under the master agreement signed in 2001 for these counselling services. The different projects come within the following areas:

- Nutritional and clinical evaluation
- Development of new packaging technologies
- Development of new products
- Food safety and quality guarantee
- Product reformulation and authorisation of ingredients

In addition, during 2008 Puleva Food, S.L.U. purchased functional fats (omega3) EPA and DHA in a volume of 218,168 kg, produced at the plant operated by Puleva Biotech, S.A. in Granada.

The net turnover on goods and services supplied by Puleva Biotech, S.A. to Puleva Food, S.L.U. in 2008 is 5,370 thousand euro.

Puleva Food, S.L.U. also provides certain goods and services to Puleva Biotech, S.A., such as the lease on offices and buildings for its normal activities, certain supplies for its production plant, etc.

2. Agreement between Herba Ricemills, S.L. and Puleva Biotech, S.A.

In 2003 Puleva Biotech, S.A. and Herba Ricemills, S.L.U. signed several contracts laying down the basic regulations governing the provision by Puleva Biotech, S.A. of research and development services within the scope of the Herba Ricemills activities.

Those contracts were terminated in 2007, when Herba Ricemills S.L. (hereinafter Herba) decided to restructure its research activities, incorporating the Puleva Biotech, Española de I+D and Herba research teams in a consortium of companies to carry out a global R+D+I project called "Research and Technological Development in the Cereals and Derivatives sector: Scientific and Technological bases and the new range of enhanced starch foods" (CEREALS Project). The corresponding consortium agreement was signed on 22 February 2007, establishing that Herba, as Project Leader, would bear all the expenses and investments made by the collaborating undertakings in the development and performance of the Project, increased by the corresponding industrial profit. This agreement continued to regulate the contractual relationships between the two companies during 2008.

This consortium agreement was made subject to obtaining the economic aid requested from the Andalusian Technological Corporation (CTA), which was granted by virtue of a decision of 8 May 2007. Herba bears 50% of the contribution made by Puleva Biotech to the CTA.

In 2008, Puleva Biotech invoiced Herba Ricemills, S.L. 680 thousand euro for the expenses incurred in the Cereals Project, adding the agreed 10% industrial margin and 125 thousand euro corresponding to half of the contribution to the CTA that Puleva Biotech, S.A. made during the year.

### 3. Agreement between Herba Ricemills, S.L.U. and Española de I+D, S.A.

By virtue of the Consortium Agreement for the R+D+I Project signed on 22 February 2007 and presented at the Andalusian Technological Corporation and the Andalusian Innovation and Development Agency, and by virtue of the Rider to that Consortium Agreement for the R+D+I Project approved by the Andalusian Technological Corporation Operating Conditions signed on 24 September 2007, Española de I+D, S.A. provides work, resources and research and development services to the Project, according to the scientific and technical specifications and manpower requirements stipulated in the agreement, encompassed within the activity comprising its objects.

Herba Ricemills, S.L.U., as leader of the Consortium and Coordinator of the Cereals Project, bears all the expenses incurred in the development and performance of that Project, within the margins established as budgets providing incentive for the CTA in its decision of 8 May 2007.

During 2008, Española de I+D provided services to Herba Ricemills, S.L. for a value of 850 thousand euro.

### 4. Others

Exxentia, Grupo Fitoterapéutico, S.A. made sales of extracts to Puleva Food, S.L.U. for a total value of 270 thousand euro in 2008. The companies in the Puleva Biotech Group invoiced 4 thousand euro for sales of products to S&B Herba Foods Ltd. in 2008 and 2 thousand euro for services provided to Panzani, SAS.

Puleva Food, S.L.U. and Ebro Puleva, S.A. have signed current account agreements earning interest on arm's length terms on the balances deriving from any assignment or cash loan made between these companies and Puleva Biotech, S.A. The net balance of financial expenses and income in 2008 was 298 thousand euro in favour of Puleva Food, S.L.U.

A net sum of 5,642 thousand euro was invoiced by companies in the Puleva Biotech Group for goods sold and services provided to Puleva Food, S.L.U. in 2008.

A net sum of 7,177 thousand euro was invoiced by companies in the Puleva Biotech Group for goods sold and services provided to companies wholly-owned by Ebro Puleva, S.A. in 2008.

The invoicing for goods and services of the different companies named above represents 38% of the net turnover of the Puleva Biotech, S.A. Group.

Indicate the mechanisms in place for solving possible conflicts of interest between the listed company and other companies in the group:

#### **Mechanisms for solving possible conflicts of interest**

In its bylaws and regulations the company has commissioned the Audit and Compliance Committee, among other duties, to control any conflicts of interest that may arise.

The Bylaws authorise the Audit and Compliance Committee to ensure that all transactions between the company and its subsidiaries, or between those companies and directors and controlling shareholders, are made on arm's length terms and respect the principle of equal treatment, thus controlling any conflict of interest that may arise in related-party transactions.

The Regulations of the Board establish that the Audit and Compliance Committee should report to the Board on any related-party transactions submitted to it for its consideration and to control any possible conflicts of interest.

See in this regard section C.6 of this Report.

## D. RISK CONTROL

D.1. General description of the risk policy of the company and/or its group, including details and assessment of the risks covered by the system, together with proof that those systems adapt to the profile of each type of risk.

Guided by the conceptual framework of the “Committee of Sponsoring Organizations of the Treadway Commission” (COSO) report on internal control, the Ebro Puleva Group has established systems for risk identification, assessment, management and information.

These risk control systems cover all the activities performed by the Group, consisting essentially of the agro-industrial sugar, rice, pasta and dairy businesses. They cover environmental, business, credit (or counterparty), occupational and technological risks.

The Group is a pioneer within its sector in the development and furtherance of R+D, environmental and food quality, and internal audit.

The Group also has environmental and food quality, commercial or counterparty risk, occupational hazard prevention and research & development committees, which are responsible for preventing and mitigating the risks.

All investment projects incorporate a risk analysis, to enable their economic and strategic assessment prior to decision-making. Decisions are adopted by the corresponding body according to the limits established, the largest projects requiring approval by the Board.

Finally, the Group is also exposed to another two types of risk: regulatory risk, subject to the guidelines established in the Common Agricultural Policy (CAP) and country or market risk. These risks have been reduced over recent years, through a firm policy of business and geographical diversification, increasing our presence in Europe, America (United States), Asia (Thailand) and Africa (Egypt and Morocco).

D.2. Have any of the different types of risk (operating, technological, financial, legal, reputational, tax...) affecting the company and/or its group materialised during the year?

YES

If so, indicate the underlying circumstances and whether the control systems worked.

**Risk materialised during the year**

Normal risks in the performance of the Ebro Puleva Group activities.

**Underlying circumstances**

Normal course of Group business.

**Functioning of the control systems**

The prevention and control systems of those risks worked properly.

D.3. Is there a Committee or other governing body responsible for establishing and supervising the control systems?

YES

If so, describe its duties:

**Name of committee or body**

Audit and Compliance Committee

**Description of duties**

Analyse and assess the principal risks to which the Group may be exposed and the systems established for their management and control.

D.4. Identification and description of processes for compliance with the different regulations affecting the company and/or its group.

The Group has a set of internal rules and procedures for its different activities, which are fully in keeping with the applicable legal provisions.

The reports of the Group's Internal Audit Department are prepared by experts independent from the business management and the department reports to the management bodies of the Group subsidiaries and the Audit and Compliance Committee of the parent company, Ebro Puleva, S.A., on its conclusions and recommendations so that any remedies required may be taken and any necessary improvements implemented.

The board has also published a code of conduct and a corporate governance policy, by virtue of which we have been ahead of the legal requirements established from time to time.

**E. GENERAL MEETING**

E.1. Indicate the quorums for General Meetings established in the Bylaws and the differences, if any, in respect of the minimums stipulated in the Corporations Act.

YES

	<b>% quorum differing from that stipulated in the Corporations Act s. 102 for ordinary resolutions</b>	<b>% quorum differing from that stipulated in the Corporations Act s. 103 for special resolutions</b>
<b>Quorum required on 1st call</b>	50.000	60.000
<b>Quorum required on 2nd call</b>	25.000	30.000

<b>Description of the differences</b>
<p>The bylaws establish a higher quorum than that stipulated in the Corporations Act s. 102, for both the first call (50% against the legal quorum of 25%) and the second call (25% according to the bylaws, while the Corporations Act does not stipulate a required minimum).</p> <p>For the special resolutions contemplated in the Corporations Act s. 103, the Bylaws require the attendance of shareholders present or represented, on first call, holding at least 60% of the voting capital, compared to the 50% required by law, and 30% on second call, against the 25% required by law.</p>

E.2. Explain the majorities required for adopting corporate resolutions and any differences in respect of the system stipulated in the Corporations Act.

NO

What differences exist in respect of the system stipulated in the Corporations Act?

**E.3. Describe any shareholders’ rights in respect of General Meetings differing from those established in the Corporations Act.**

The Regulations of the General Meeting contain, and develop, in the articles indicated below, all the shareholders’ rights in respect of general meetings stipulated in the Corporations Act, thus complying with the rules and recommendations for good governance:

- Shareholders’ right to information is exhaustively regulated in Articles 5 and 6.
- Shareholders’ right to attend and be represented by proxies is regulated in Article 7.
- Shareholders’ right to participate is set out in Articles 11 and 12.
- Shareholders’ voting right is regulated in Article 14.
- Finally, Article 18 establishes the shareholders’ right to be informed of the resolutions adopted by the general meeting by the legal means of publication or through the company’s web site, where the full text of such resolutions must be published. Moreover, any shareholder may at any time obtain a certificate of the resolutions adopted and the minutes of the meeting.

**E.4. Describe the measures adopted, if any, to encourage the participation of shareholders at General Meetings.**

- Detailed, developed regulation of rights to information, attendance, proxy and voting contained in the Regulations of the General Meeting, as indicated above.
- Detailed notice of call to general meetings, stating clearly all the shareholders’ rights and how they may be exercised.
- Publication of the corresponding notice in a specialist daily economic newspaper.
- Holding of general meetings where shareholders can easily attend, in the best and most comfortable conditions possible.
- Assistance for shareholders through the Shareholders’ Office, where the team responsible for Investor Relations and other qualified staff are available to provide any assistance required by shareholders.
- Delivery of gifts to shareholders to encourage them to go to general meetings.

**E.5. Are General Meetings presided by the Chairman of the Board and what measures, if any, are taken to guarantee the independence and proper functioning of the General Meeting?**

YES

<b>Details of measures</b>
<p>The Regulations of the General Meeting regulate a number of measures regarding the organisation and procedure of the general meeting to guarantee its independence and proper functioning.</p> <p>Article 9 of said Regulations establishes the following measures in this regard:</p> <ul style="list-style-type: none"> <li>- General meetings shall be presided by the Chairman of the Board, or, in his absence, by the Vice-Chairman, or otherwise by a director elected in each case by the shareholders attending the meeting.</li> <li>- The Chairman shall be assisted by a Secretary, who shall be the Secretary of the Board, or the Vice-Secretary, if any, or otherwise such person as may be appointed at the general meeting.</li> <li>- Should the Chairman or Secretary of the general meeting have to leave during the meeting, his/their duties shall be taken over by the corresponding person or persons as above and the meeting shall continue.</li> </ul>

- The directors attending the general meeting shall form the Presiding Board.

Article 10 of the Regulations establishes the procedure for drawing up the attendance list, which may be drawn up in a file or included on any kind of data carrier. Moreover, should the Chairman deem fit, he may appoint two or more shareholders to act as scrutineers, assisting the presiding board in drawing up the attendance list and, if necessary, in the counting of votes, informing the general meeting thereof once it has been declared quorate.

The powers of the Chairman of the General Meeting are described in Article 13 of the Regulations:

- Direct the debate, ensuring that it remains within the confines of the agenda, closing the debate when he considers the business sufficiently debated.
- Organise the shareholders' contributions as established in Article 12 of the Regulations of the General Meeting..
- Decide, where appropriate, on any extension of the time initially granted to shareholders to speak.
- Moderate the shareholders' contributions, requesting them if necessary to keep to the agenda and observe the appropriate rules of correct conduct when speaking.
- Call the shareholders to order when their contributions are clearly made to filibuster or upset the normal course of the general meeting.
- Withdraw the floor at the end of the time assigned for each contribution or when, despite the admonitions made in pursuance of this article, the shareholder persists in his conduct, taking such measures as may be necessary to ensure that the general meeting resumes its normal course.
- Announce voting results.
- Resolve any issues that may arise during the general meeting regarding the rules established in these Regulations.

Finally, as regards the conclusion and minutes of general meetings, Article 15 of the Regulations establishes that after voting on the proposed resolutions, the general meeting shall conclude and the Chairman shall close the session. The minutes of the general meeting may be approved at the end of the meeting or within fifteen days thereafter by the Chairman of the General Meeting and two scrutineers, one representing the majority and the other representing the minority, who shall be appointed at the proposal of the Chairman after declaring the general meeting quorate. If the presence of a notary has been required to issue a certificate of the general meeting, the minutes set out in the certificate shall be notarial and, as such, shall not require approval by those attending or by scrutineers

**E.6. Indicate any modifications made during the year to the Regulations of the General Meeting.**

The Regulations of the General Meeting were not modified during 2008.

**E.7. Give details of attendance of General Meetings held during the year:**

Details of Attendance					
Date General Meeting	% in person	% by proxy	% distance voting		Total
			Electronic vote	Others	
09/06/2007	10.420	61.870	0.000	0.000	72.290

E.8. Give a brief account of the resolutions adopted at the general meetings held during the year and percentage of votes with which each resolution was passed.

All the resolutions proposed by the Board at the Annual General Meeting of Shareholders held on 9 June 2008 were approved on the terms and with the results indicated below:

#### RESOLUTION ONE

- To approve the annual accounts of EBRO PULEVA, S.A. and its consolidated group for the year ended 31 December 2007.

- To approve the proposal for application of the profit for the year of EBRO PULEVA, S.A. as at 31 December 2007, according to the following details, taken from the notes to the accounts:

APPLICATION (thousand euro):

- Unappropriated reserves: 735,193  
- Profit for 2007 after tax: 8,684

BASE OF APPLICATION: 743,877

- To unappropriated reserves: 688,485  
- To dividend (0.36 euro per share): 55,391

The dividend will be distributed in four quarterly payments of 0.09 euro per share each, as decided by the EBRO PULEVA, S.A. board on 19 December 2007. The first of such payments made against this distribution on 3 April 2008 is thus ratified.

- To approve the directors' reports of both EBRO PULEVA, S.A. and its consolidated group, as drawn up by the Board of Directors.

These resolutions were approved with the following result:

Votes for 111,236,095; Votes against 4; Blank votes: 0; Abstentions 1,609; Total votes cast 111,236,099

#### RESOLUTION TWO

- To approve the management and all other actions by the EBRO PULEVA board during the year ended 31 December 2007.

This resolution was approved with the following result:

Votes for 110,979,650; Votes against 4; Blank votes: 0; Abstentions 258,053; Total votes cast 110,979,654

#### RESOLUTION THREE

- To reappoint Ernst & Young, S.L., tax number B78970506, registered office at Plaza Pablo Ruiz Picasso, s/n, Madrid, as Auditor of the Company, to audit the 2008 annual accounts and directors' reports of Ebro Puleva, S.A. and its consolidated group.

This resolution was approved with the following result:

Votes for 111,235,095; Votes against 1,112; Blank votes: 0; Abstentions 1,500; Total votes cast 111,236,207

#### RESOLUTION FOUR

- To authorise the Board to begin the necessary studies and contacts to explore the possibilities of a sale or spin-off and flotation of the Ebro Puleva sugar business and other related agro-industrial businesses, authorising the Board fully, on completion of the corresponding process, to either effect one or other operation within a period of twenty-four months, ensuring the most beneficial solution for the company's interests, or abandon it if market conditions are unfavourable. This authorisation includes, but is by no means limited to:

- . The choice between sale or spin-off, according to market circumstances.
- . Definition of the exact perimeter of the businesses, assets and liabilities, rights and obligations of the Ebro Puleva Group to be included in the operation, which may include, apart from the sugar business and related agro-industrial businesses, other minor agro-industrial businesses outside the strategic core businesses of the Ebro Puleva Group.
- . The terms and conditions of the purchase and sale agreement or the total or partial spin-off agreement.
- . The possibility of abandoning the operation if market conditions are unfavourable.

This resolution was approved with the following result:

Votes for 109,082,927; Votes against 1; Blank votes: 0; Abstentions 357,975; Total votes cast 110,879,732

#### RESOLUTION FIVE

- To authorise the Board to buy back own shares and authorise subsidiaries to acquire shares in the parent company, by purchase or under any other title for a consideration, subject to the limits and requisites established in section 75 and Supplementary Provision One.2 of the current Corporations Act, as follows:

- . The par value of the shares thus acquired, when added to those already held by the company or its subsidiaries, shall not exceed 5% of the capital at any time.
- . After making the acquisition, the company shall be able to fund the reserve stipulated in section 79.3 of the Corporations Act without reducing the capital, the legal reserve or any undistributable reserves established in the bylaws.
- . The shares thus acquired shall be fully paid up.
- . The minimum and maximum price or consideration for the acquisition shall be, respectively, the equivalent of the par value of the own shares purchased and their price on an official secondary market at the time of purchase.

By virtue of this authorisation, the Board may, by direct resolution or by delegation to the Executive Committee or to such person or persons as the Board may authorise for this purpose, buy back own shares to hold them as treasury stock, dispose of them or, as the case may be, redeem them, reducing the capital accordingly, according to the delegation made below, within the limits established in law and in fulfilment of the conditions stipulated in this resolution. This authorisation is also extended to the possibility of acquiring own shares to be delivered directly to employees or executives of the company or its group, as an alternative to monetary remuneration; this will by no means imply an increase in the total remuneration received by such employees or executives.

The authorisation contemplated in this resolution is granted for no more than eighteen months from the date of this Annual General Meeting and covers all treasury stock transactions made on the terms stipulated herein, without having to be reiterated for each purchase or acquisition, and all transfers to or earmarking of reserves made in pursuance of the Corporations Act. The authorisation granted to the Board to buy back own shares subject to the limits and requisites established in section 75 of the current Corporations Act, approved at the Annual General Meeting held on 18 April 2007, is hereby rendered null and void.

- To reduce the capital to redeem the company shares acquired by Ebro Puleva or other companies in its Group, against the capital (for the par value) and unappropriated reserves (for the amount of the acquisition in excess of such par value), by such amounts as may be deemed fit from time to time, up to the maximum number of own shares held at any time.
- To delegate to the Board the power to execute this resolution to reduce the capital, which it may do on one or several occasions, or to render it null and void, within a period not exceeding 18 months from the date of this AGM, doing whatsoever may be required by law for this purpose.

The Board is especially authorised, within the times and limits established in this resolution, to: (i) reduce the capital or otherwise, establishing the specific date or dates of the operations, as the case may be, taking account of any internal and external factors affecting the decision; (ii) state in each case the amount of the reduction of capital; (iii) adapt Articles 6 and 7 of the Bylaws in each case to reflect the new amount of capital and the new number of share; (iv) apply in each case for delisting of the redeemed shares; and (v) in general, adopt such resolutions as may be deemed fit to redeem the shares and reduce the capital accordingly, appointing individuals to do whatsoever may be necessary.

These resolutions were approved with the following result:

Votes for 111,202,201; Votes against 33,004; Blank votes: 0; Abstentions 2,502; Total votes cast 111,235,205

#### RESOLUTION SIX

To ratify Félix Hernández Callejas as proprietary company director for a term of 4 years. Mr. Hernández Callejas was appointed by cooptation at the Board meeting held on 19 December 2007.

This resolution was approved with the following result:

Votes for 109,431,650; Votes against 1,801,587; Blank votes: 0; Abstentions 4,470; Total votes cast 111,233,237

#### RESOLUTION SEVEN

- To expressly authorise the Board, with the fullest powers necessary, to make one or several financial contributions to Fundación Ebro Puleva over forthcoming years, up to and not exceeding the sum of six hundred thousand euro (600,000.00 €), without prejudice to similar authorisations granted by the General Meeting in previous years for the Board to donate funds to Fundación Ebro Puleva.

This resolution was approved with the following result:

Votes for 111,236,203; Votes against 4; Blank votes: 0; Abstentions 1,500; Total votes cast 111,236,207

#### RESOLUTION EIGHT

- To vote in favour in the advisory vote on the Report on the Board Remuneration Policy for 2007 submitted by the Board.

This resolution was approved with the following result:

Votes for 110,881,142; Votes against 354,479; Blank votes: 0; Abstentions 2,086; Total votes cast 111,235,621

#### RESOLUTION NINE

- The General Meeting was informed of and approved the Report explaining the additional aspects included in the Directors' Report 2007, pursuant to the Securities Market Act, section 116 bis.

This resolution was approved with the following result:

Votes for 110,224,902; Votes against 228,810; Blank votes: 0; Abstentions 783,995; Total votes cast 110,453,712

#### RESOLUTION TEN

- The General Meeting was informed of and approved the Annual Corporate Governance Report 2007 approved by the Board.

This resolution was approved with the following result:

Votes for 110,225,902; Votes against 228,810; Blank votes: 0; Abstentions 783,995; Total votes cast 110,454,712

#### RESOLUTION ELEVEN

- To expressly delegate the Board of Directors, with the fullest powers required by law, to:

1. Remedy, clarify, specify or complete the resolutions adopted at this General Meeting, or set out in any deeds or documents executed in fulfilment thereof, particularly any omissions, defects or errors of form or substance that may prevent the registration of these resolutions and their consequences in the Trade Register.

2. Resolve all and any doubts that may arise in connection with the resolutions adopted at this General Meeting.

3. Perform, make and enter into such transactions or legal business as may be necessary or convenient for the fulfilment of the resolutions adopted at this General Meeting, executing such public or private documents as may be deemed necessary or convenient to secure the fullest effectiveness of these resolutions.

4. Delegate to one or several of its members, jointly or jointly and severally, or to the Executive Committee, with the power to sub-delegate, all or part of the powers corresponding to the Board and such other powers as may be expressly assigned to it at this General Meeting.

To expressly authorise, as extensively as may be required by law, Antonio Hernández Callejas, Miguel Ángel Pérez Álvarez and Yolanda de la Morena Cerezo, so that any one of them, acting individually and with his/her sole signature, may evidence in a public deed the resolutions adopted at this General Meeting, especially authorising them insofar as may be necessary to secure their development and fulfilment; sign such public or private documents as may be necessary and take and perform such actions as they may deem fit in fulfilment thereof, including the publication of legal notices, in respect of any public or private institutions or authorities, to secure their entry in the Trade Register or in whatsoever other public registers, as the case may be, executing if necessary deeds of ratification, rectification, remedy and clarification, in response to oral suggestions or written qualifications by the Trade Registry -if appropriate requesting the partial registration of the resolutions subject to this formality-, the Ministry of Economy, the Ministry of Finance, the National Securities Market Commission (CNMV) and whatsoever other competent public or private institution or body; complete such formalities as may be necessary in respect of the competent authorities to execute and fulfil the resolutions adopted and for the processing of such actions and documents of whatsoever nature as may be necessary at or in respect of the National Securities Market Commission, the Madrid, Barcelona, Valencia and Bilbao Stock Exchange Councils, the Securities Clearing and Settlement Service, the Members of these services or entities responsible for the Accounting Records of book-entry securities, or such other public or private organisations as may be necessary and, in general, take whatsoever action or actions as may be necessary in respect of the resolutions adopted at this General Meeting.

This resolution was approved with the following result:

Votes for 111,236,095; Votes against 4; Blank votes: 0; Abstentions 1,608; Total votes cast 111,236,099

E.9. State the number of shares required to attend General Meetings, indicating whether any restrictions are established in the bylaws.

YES

<b>Number of shares required to attend general meeting</b>	100
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E.10. Describe and justify the company’s policies on proxy votes at General Meetings.

Proxy votes are regulated in Article 7 of the Regulations of the General Meeting.

Any shareholder entitled to attend may be represented at general meetings by another person. The proxy shall be made in writing especially for each general meeting or, as the case may be, through distance communication means in accordance with the appropriate provisions of these Regulations and especially for each general meeting. This right to representation is without prejudice to the legal provisions established for family representation and the granting of general powers of attorney.

In any case, whether the proxy is voluntary or required by law, no shareholder may have more than one representative at any general meeting.

Proxies may be revoked at any time. Personal attendance at the general meeting by the represented shareholder shall have the effect of revoking the proxy.

In cases of public requests for representation, the document establishing the power of attorney shall contain or annex the agenda, together with the request for instructions to exercise the voting right and indications of how the representative will vote if no specific instructions are issued. Such public request shall be deemed to exist whenever any one person represents more than three shareholders.

The proxy may also include any points which, although not included on the agenda in the notice of call, are likely to be dispatched at the meeting, being so permitted by law.

If there are no voting instructions because the General Meeting is going to resolve on issues which, by law, do not need to be included on the agenda, the representative shall cast the vote howsoever he may consider his principal's interests best favoured.

If the represented shareholder has issued instructions, the representative may only vote otherwise in circumstances of which the shareholder was unaware at the time of issuing the instructions and when the represented shareholder's interests are in jeopardy.

In the last two cases, the proxy shall inform the represented shareholder forthwith, in writing, explaining the reasons for his vote.

E.11. Is the company is aware of the policies of institutional investors regarding their participation or otherwise in company decisions?

NO

E.12. Address and access to the corporate governance contents on the company's web site.

Ebro Puleva's corporate web site <http://www.ebropuleva.com> is set up as a vehicle of continuous, up-to-date information for shareholders, investors and the financial market in general.

In this respect, the home page includes a specific section, called "Information for shareholders and investors", which contains all the information required under National Securities Market Commission Circular 1/2004 of 17 March, Act 26/2003 of 18 July and the Ministerial Order ECO/3722/2003 of 26 December.

This section includes, pursuant to current legislation, the chapter on Corporate Governance. The specific address of this chapter is:

[http://www.ebropuleva.com/ep/relaciones\\_inversores/gobierno\\_corporativo/gobierno.jsp](http://www.ebropuleva.com/ep/relaciones_inversores/gobierno_corporativo/gobierno.jsp)

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

- Regulations of the General Meeting
- General Meeting of Shareholders
- Shareholders' Agreements
- Board of Directors
- Corporate Governance Report
- Internal Code of Market Conduct

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

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

## F. EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with existing corporate governance recommendations. In the event of non-compliance with any recommendations, explain the recommendations, standards, practices or principles applied by the company.

1. The Bylaws of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.

*See sections A.9, B.1.22, B.1.23, E.1 and E.2*

Complies

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:
  - a) The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies;
  - b) The mechanisms in place to solve any conflicts of interest.

*See sections C.4 and C.7*

Complies

3. Although not expressly required in company law, any operations involving a structural alteration of the company should be submitted to the General Meeting for approval, especially the following:
  - a) Conversion of listed companies into holdings, through spin-off of “subsidiarisation”, or reallocating to subsidiaries of core activities thereunto performed by the company, even though the latter may retain full ownership of its subsidiaries;
  - b) Acquisition or disposal of key operating assets, if this involves an effective alteration of its objects;
  - c) Any operations producing effects equivalent to liquidation of the company.

Complies

4. Detailed proposals of the resolutions to be adopted at a General Meeting, including the information contemplated in Recommendation 28, should be published simultaneously with the notice of call to the General Meeting.

Complies

5. Substantially independent items shall be voted separately at General Meetings to enable shareholders to express their preferences separately. This rule is particularly applicable:
  - a) To the appointment or ratification of directors, which should be voted individually;
  - b) In the case of Bylaw alterations, to each article or substantially independent group of articles.

*See section E.8*

Complies

6. Companies should allow split votes, so that financial intermediaries on record as shareholders but acting on behalf of different clients can vote according to the latter's instructions.

*See section E.4*

Complies

7. The Board should perform its duties with unity in proposal and independent criteria, affording all shareholders the same treatment and guided by corporate interests, which shall mean maximising the value of the company over time.

It shall also ensure that the company complies with the applicable laws and regulations in its relations with stakeholders; fulfils its contracts and obligations in good faith; respects good customs and practice in the sectors and territories in which it operates; and upholds any other social responsibility principles that it may have subscribed to voluntarily.

Complies

8. The Board should undertake, as its principal mission, to approve the company's strategy and the organisation required to put it into practice, and to oversee and ensure that Management meets the targets marked out and respects the objects and corporate interest of the company. For this purpose, the full Board shall approve the following:

a) General policies and strategies of the Company, particularly:

- i) The strategic or business plan, management objectives and annual budgets;
- ii) Investment and financing policy;
- iii) Definition of the structure of the corporate group;
- iv) Corporate governance policy;
- v) Corporate social responsibility policy;
- vi) Policy on the remuneration and performance assessment of senior officers;
- vii) Risk management and control policy and the regular monitoring of internal information and control systems;
- viii) The dividend policy and treasury stock policy, particularly regarding limits.

*See sections B.1.10, B.1.13, B.1.14 and D.3*

b) The following decisions:

- i) Upon recommendation by the chief executive, the appointment and possible removal of senior officers, and corresponding severance clauses.

*See section B.1.14*

- ii) Directors' emoluments and, for executive directors, supplementary remuneration for their executive duties and any other terms and conditions to be included in their contracts.

*See section B.1.14*

- iii) The financial information that listed companies are obliged to disclose periodically.

iv) Any investments or transactions considered strategic by virtue of their amount or special characteristics, unless approval corresponds to the General Meeting;

v) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.

c) Transactions between the company and its directors, significant shareholders or shareholders with representatives on the Board, or persons related thereto ("related-party transactions"). However, this authorisation will not be necessary for related-party transactions that meet all of the following three conditions:

- 1. Made under contracts with standard terms and conditions applied across the board to large numbers of clients;
- 2. Made at the general prices or rates established by the person supplying the good or service;

3. Made for a sum not exceeding 1% of the company's annual earnings.

The Board is recommended to make approval of related-party transactions dependent on a favourable report by the Audit Committee, or such other committee as may be assigned this duty. Apart from not exercising or delegating their vote, the affected Directors shall leave the room during the corresponding discussion and voting by the Board.

It is recommended that these competences of the Board be non-delegable, except those contemplated in paragraphs b) and c), which may be adopted by the Executive Committee in an emergency, subject to subsequent ratification by the full Board.

*See sections C.1 and C.6*

Complies

9. The Board should have an adequate size to secure efficient, participative performance of its duties. The recommended size is between five and fifteen members.

*See section B.1.1*

Complies

10. Non-executive proprietary and independent directors should have an ample majority on the board, while the number of executive directors should be kept to a minimum, taking account of their equity ownership and the complexity of the corporate group.

*See sections A.2, A.3, B.1.3 and B.1.14*

Complies

11. If any non-executive director cannot be considered proprietary or independent, the company should explain this circumstance and the director's ties with the company or its executives, or with its shareholders.

*See section B.1.3*

Not applicable

12. Among the non-executive directors, the ratio of proprietary to independent directors should reflect the proportion between capital represented and not represented on the Board.

This strictly proportional distribution may be relaxed so that proprietary directors have a greater weight than that corresponding to the total percentage of capital they represent:

1. In companies with a high capitalisation with few or no shareholdings considered significant by law, but in which certain shareholders have interests with a high absolute value.

2. In companies with a plurality of unrelated shareholders represented on the Board.

*See sections B.1.3, A.2 and A.3*

Complies

13. The total number of Independent Directors should represent at least one-third of the total Directors.

*See section B.1.3*

Explanation

There are 4 independent directors, representing 28.571% of the total board members.

14. The Board should explain the nature of each Director at the General Meeting at which an appointment is to be made or ratified. The type of director should be confirmed or altered, as the case may be, in the Annual Corporate Governance Report, following verification by the Nomination Committee. The reasons why Proprietary Directors have been appointed at the request of shareholders with an interest of less than 5% in the capital shall be explained in that Report, as well as the reasons, where appropriate, for not meeting formal requests for presence on the Board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.

*See sections B.1.3 and B.1.4*

Complies

15. When there are few or no female directors, the Board should explain the reasons for this situation and the steps taken to correct it. In particular, when vacancies arise on the Board, the Nomination Committee should ensure that:

- a) There is no hidden bias against women candidates in the selection procedures;
- b) The company makes a conscious effort to include women with the target profile among the candidates.

*See sections B.1.2, B.1.27 and B.2.3*

Explanation

Board members are appointed regardless of candidates' sex, so there is no positive or negative discrimination of any nature in the election of directors.

María Blanca Hernández Rodríguez was appointed director in 2006.

16. The Chairman, being responsible for the effective operation of the Board, should make sure that directors receive sufficient information in advance; stimulate debate and active participation by directors at all Board meetings, protecting their free stand and expression of opinion on any issues; and organise and coordinate periodic assessment of the Board, and the Managing Director or CEO, if any, with the chairmen of the principal committees.

*See section B.1.42*

Complies

17. When the Chairman of the Board is also the chief executive officer of the company, one of the Independent Directors should be authorised to request the calling of a Board meeting or the inclusion of new items on the agenda; coordinate and express the concerns of the Non-Executive Directors; and direct the assessment by the Board of its Chairman.

*See section B.1.21*

Complies

18. The Secretary of the Board should especially ensure that the Board's actions:

- a) Conform to the text and spirit of the laws and regulations, including those adopted by the market watchdogs;
- b) Conform to the company's Bylaws and the Regulations of the General Meeting, the Board and any other internal regulations of the Company;
- c) Take account of the good governance recommendations contained in this Unified Code endorsed by the company.

To guarantee the independence, impartiality and professionalism of the Secretary, his/her appointment and removal should require a report by the Nomination Committee and approval by the full Board; and the procedure for appointment and removal should be set down in the Regulations of the Board.

*See section B.1.34*

Complies

19. The Board should meet as often as may be necessary to secure efficient performance of its duties, following the calendar and business established at the beginning of the year, although any director may propose other items not initially contemplated to be included on the agenda.

*See section B.1.29*

Complies

20. Non-attendance of Board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to grant a proxy for any Board meeting, the appropriate instructions shall be issued.

*See sections B.1.28 and B.1.30*

Complies

21. When the Directors or the Secretary express concern over a proposal, or, in the case of Directors, the company's performance, those concerns should be put on record, at the request of those expressing them.

Complies

22. The full Board should assess once a year:

- a) The quality and effectiveness of the Board's actions;
- b) Based on the report issued by the Nomination Committee, the performance by the Chairman of the Board and Chief Executive Officer of their respective duties;
- c) The performance of its Committees, based on the reports issued by each one.

*See section B.1.19*

Complies

23. All the Directors should be entitled to obtain such supplementary information as they may consider necessary on business within the competence of the Board. Save otherwise stipulated in the Bylaws or Board Regulations, their requests should be addressed to the Chairman or Secretary of the Board.

*See section B.1.42*

Complies

24. All Directors should be entitled to call on the company for specific guidance in the performance of their duties, and the company should provide adequate means for exercising this right, which in special circumstances may include external assistance, at the company's expense.

*See section B.1.41*

Complies

25. Companies should establish an induction programme to give new Directors a rapid, sufficient insight into the company and its rules on corporate governance. Directors should also be offered refresher courses in the appropriate circumstances.

Complies

26. Companies should require Directors to devote the necessary time and efforts to perform their duties efficiently. Accordingly:

- a) Directors should inform the Nomination Committee of any other professional obligations they may have, in case they may interfere with the required dedication;
- b) Companies should limit the number of directorships that its Directors may hold.

*See sections B.1.8, B.1.9 and B.1.17*

Complies

27. Proposals for the appointment or re-appointment of directors submitted by the Board to the General Meeting and the provisional appointment of directors by cooptation should be approved by the Board:
- a) At the proposal of the Nomination Committee, in the case of Independent directors.
  - b) Subject to a report by the Nomination Committee for other directors.

*See section B.1.2*

Complies

28. Companies should publish on their web sites and regularly update the following information on their directors:
- a) Professional and biographical profile;
  - b) Other directorships held, in listed or unlisted companies;
  - c) Type of director, indicating in the case of proprietary directors the shareholders they represent or are related with.
  - d) Date of first and subsequent appointments as company director; and
  - e) Company shares and stock options held.

Partial Compliance

This Recommendation is followed in all sections except b).

29. Independent directors should not remain on the Board as such for more than 12 years in succession.

*See section B.1.2*

Complies

30. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.

*See sections A.2, A.3 and B.1.2*

Complies

31. The Board should not propose the removal of any independent director before the end of the period for which he or she was appointed, unless there are just grounds for doing so, as appreciated by the Board subject to a report by the Nomination Committee. Just grounds are deemed to exist when the director has acted in breach of his duties or when he or she falls into any of the circumstances described in point III.5, definitions, of this Code.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or similar corporate operations producing a change in the capital structure of the company, whenever those changes in the structure of the Board correspond to the principle of proportionality established in Recommendation 12.

*See sections B.1.2, B.1.5 and B.1.26*

Complies

32. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's reputation. In particular, directors should be obliged to inform the Board of any criminal proceedings brought against them and the subsequent development of the proceedings.

If a director is tried for any of the offences contemplated in section 124 of the Corporations Act, the Board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.

*See sections B.1.43 and B.1.44*

Complies

33. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the Board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the Board. And when the Board adopts significant or reiterated decisions regarding which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if he or she opts to resign, explain the reasons in the letter contemplated in the following recommendation. This recommendation also affects the Secretary of the Board, even if he or she is not a director.

Complies

34. If a director resigns or retires from office on whatsoever other grounds before the end of his or her term of office, he or she should explain the reasons in a letter sent to all the Board members. Regardless of whether the retirement is announced as a significant event, the reason shall be indicated in the Annual Corporate Governance Report.

*See section B.1.5*

Not applicable

35. The remuneration policy approved by the Board should regulate at least the following aspects:
- a) Amount of fixed items, specifying the amount of attendance fees, if any, for Board and Committee meetings and estimating the fixed remuneration for the year;
  - b) Variable pay items, including, in particular:
    - i) Types of director to which they are applicable and an explanation of the relative weight of the variable pay items to the fixed items;
    - ii) Criteria for assessment of results on which any right to remuneration in shares, stock options or any other variable component is based;
    - iii) Essential parameters and basis for any system of annual bonus payments or other non-cash benefits; and
    - iv) An estimate of the aggregate sum of variable remunerations deriving from the proposed remuneration plan, according to the degree of fulfilment of the reference hypotheses or objectives.
  - c) Principal terms of the welfare schemes (e.g. supplementary pensions, life assurance and similar), estimating the amount or equivalent annual cost.
  - d) Conditions to be respected in top management and executive director contracts, including:
    - i) Term;
    - ii) Notice; and
    - iii) Any other clauses concerning golden hellos or golden parachutes for early termination of the contractual relationship between the company and the executive director.

*See section B.1.15*

Complies

36. Remunerations in the form of shares in the company or group companies, stock options or instruments linked to the value of the share and any variable remuneration linked to the company's performance or welfare schemes should be limited to executive directors. This recommendation shall not be applicable to the delivery of shares when subject to the condition that the directors keep them up to their retirement from the Board.

*See sections A.3 and B.1.3*

Complies

37. The remuneration of non-executive directors should be sufficient to remunerate their dedication, qualifications and responsibilities, but not so high as to compromise their independence.

Complies

38. Earnings-linked remuneration should take account of any qualifications in the external auditor's report that may reduce such earnings.

Not Applicable

39. In the case of variable remuneration, the pay policies should establish such precautions as may be necessary to ensure that such remuneration is related to the professional performance of its beneficiaries, not merely deriving from general trends on the markets or in the company's sector of business or other similar circumstances.

Complies

40. The Board should submit to an advisory vote at the General Shareholders' Meeting, as a separate item on the agenda, a report on the directors' remuneration policy. This report should be made available to shareholders, as a separate document or in whatsoever other form the company may deem fit.

The report should focus especially on the remuneration policy approved by the Board for the current year and that established, if any, for future years. It shall address all the issues contemplated in Recommendation 35, except those points that could entail disclosure of commercially sensitive information. It shall stress the most significant changes in such policies in respect of that applied during the previous year to which the General Meeting refers. It shall also include a global summary of implementation of the remuneration policy in the previous year.

The Board should also inform on the role played by the Remuneration Committee in defining the remuneration policy and, if external assistance has been used, the identity of the external advisers who provided such assistance.

*See section B.1.16*

Complies

41. The individual remunerations of directors during the year shall be disclosed in the Annual Report, including the following details:

- a) Breakdown of the remuneration of each director, including, where applicable:
- i) Attendance fees and other fixed sums payable to directors;
  - ii) Additional compensation for being Chairman or member of one of the Committees of the Board;
  - iii) Payments made under profit-sharing or bonus schemes and the reasons for their accrual;
  - iv) Contributions on behalf of the director to defined-contribution pension schemes; or increase in the director's vested rights in contributions to defined-benefit schemes;
  - v) Any indemnities agreed or paid upon termination of their duties;
  - vi) Compensation received as director of other group companies;
  - vii) Remuneration received by executive directors as payment for their senior management duties;
  - viii) Any sums paid other than those listed above, regardless of the nature or the group company paying them, especially when it may be considered a related-party transaction or omission would distort the true and fair view of the total remuneration received by the director.
- b) Breakdown for each director of any deliveries of shares, stock options or whatsoever other instrument linked to the value of the company's share, specifying:
- i) Number of shares or options granted during the year and conditions for exercising the options;
  - ii) Number of options exercised during the year, indicating the corresponding number of shares and the exercise price;
  - iii) Number of options pending exercise at year end, indicating their price, date and other conditions for exercise;
  - iv) Any modification during the year of the conditions for exercising options granted earlier.

- c) Information on the ratio during the previous year of remuneration received by the executive directors and the company's profits or any other measure of its earnings.

Explanation

The Remuneration Report approved by the Board includes detailed information on directors' remunerations, specifying amounts per pay item and types of director, although not for each individual director.

42. When there is an Executive Committee, the balance between the different types of director should roughly mirror that of the Board. The Secretary of the Board should be Secretary of the Executive Committee.

*See sections B.2.1 and B.2.6*

Complies

43. The Board should be informed at all times of the business transacted and decisions made by the Executive Committee and all Board members should receive a copy of the minutes of Executive Committee meetings.

Complies

44. In addition to the Audit Committee which is mandatory under the Securities Market Act, the Board shall set up a Nomination and Remuneration Committee, or two separate Committees.

The rules on composition and procedure of the Audit Committee and the Nomination and Remuneration Committee or Committees should be set out in the Regulations of the Board, including the following:

- a) The Board should appoint the members of these Committees, taking account of the directors' knowledge, expertise and experience and the duties corresponding to each Committee and discuss their proposals and reports. The Committees should report to the Board on their actions at the first full Board meeting after each Committee meeting, being accountable for the work done.
- b) These Committees should have a minimum of three members, who should be exclusively Non-Executive Directors. This notwithstanding, Executive Directors or senior officers may attend their meetings when expressly so decided by the Committee members.
- c) The Committees should be chaired by Independent Directors.
- d) They may obtain external assistance whenever this is considered necessary for the performance of their duties.
- e) Minutes should be issued of Committee meetings and a copy sent to all members of the Board.

*See sections B.2.1 and B.2.3*

Complies

45. The Audit Committee, Nomination Committee or, if separate, the Compliance or Corporate Governance Committee(s) should be responsible for overseeing compliance with internal codes of conduct and corporate governance rules and regulations.

Complies

46. All members of the Audit Committee, particularly its Chairman, should be appointed in view of their knowledge of and experience in accounting, auditing or risk management.

Complies

47. Listed companies should have an internal audit department, supervised by the Audit Committee, to guarantee the effectiveness and efficiency of the internal reporting and control systems.

Complies

48. The chief audit officer should submit an annual work programme to the Audit Committee, reporting directly on any irregularities arising during its implementation and submitting an activity report at each year end.

Complies

49. The risk management and control policy should define at least:

- a) The different types of risk (operating, technological, financial, legal, reputational...) to which the company is exposed, including under financial or economic risks any contingent liabilities or other off-balance-sheet exposure;
- b) The level of risk that the company considers acceptable;
- c) The measures envisaged to soften the effects of the risks identified, should they materialise;
- d) The internal reporting and control systems to be used to control and manage those risks, including contingent liabilities or off-balance-sheet risks.

*See section D*

Complies

50. The Audit Committee should:

1. In connection with the internal reporting and control systems:

- a) Supervise the preparation and integrity of the financial information on the company and, where appropriate, the group, checking for compliance with applicable legal provisions, adequate definition of the consolidated group and correct application of accounting standards.
- b) Check internal control and risk management systems on a regular basis to ensure that the principal risks are adequately identified, managed and disclosed.
- c) Oversee the independence and effectiveness of the internal audit department; propose the nomination, appointment, reappointment and removal of the chief audit officer; propose the budget for this department; receive periodical information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.
- d) Establish and supervise a “whistle-blowing” procedure so employees can confidentially and, if considered appropriate, anonymously report any potentially important irregularities they may observe in the company’s conduct., especially in financial and accounting aspects.

2. In connection with the external auditor:

- a) Submit proposals to the Board on the nomination, appointment, reappointment and replacement of the external auditor and its terms of engagement.
- b) Receive regular information from the external auditor on the audit plan and findings and make sure the senior management acts on its recommendations.
- c) Guarantee the independence of the external auditor, and for this purpose:
  - i) The company should inform the CNMV as a significant event whenever the auditor is changed, attaching a declaration on any disagreements that may have arisen with the outgoing auditor and their content, if any.
  - ii) The company and the auditor should be ensured to respect all rules and regulations in place regarding the provision of services other than auditing services, limits on concentration of the auditor’s services and any other rules established to guarantee the auditors’ independence;
  - iii) Investigate the circumstances giving rise to resignation of any external auditor.
- d) In groups, encourage the auditor of the group to audit the group companies.

*See sections B.1.35, B.2.2, B.2.3 and D.3*

Complies

51. The Audit Committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies

52. The Audit Committee should report to the Board on the following matters from Recommendation 8 before the latter adopts the corresponding decisions:

- a) The financial information that listed companies are obliged to disclose periodically. The Committee shall ensure that interim financial statements are drawn up under the same accounting principles as the annual statements, requesting a limited external audit if necessary.
- b) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories which are considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.
- c) Related-party transactions, unless this prior reporting duty has been assigned to another supervision and control committee.

*See sections B.2.2 and B.2.3*

Complies

53. The Board should endeavour to avoid a qualified auditor's report on the accounts laid before the General Meeting, and in exceptional circumstances when such qualifications exist, both the Chairman of the Audit Committee and the auditors shall clearly explain to the shareholders their content and scope.

*See section B.1.38*

Complies

54. The majority of the members of the Nomination Committee – or Nomination and Remuneration Committee if there is just one – should be independent directors.

*See section B.2.1*

Explanation

The Nomination and Remuneration Committee currently consists of three proprietary and two independent directors.

55. Apart from the duties specified in preceding Recommendations, the Nomination Committee should:

- a) Assess the expertise, knowledge and experience of Board members; define the duties and skills required of candidates to fill vacancies; and determine the time and dedication considered necessary for them to adequately perform their duties.
- b) Study or organise as appropriate the succession of the Chairman or Chief Executive Officer and, if necessary, make recommendations to the Board to secure an orderly, well-planned handover.
- c) Report on any appointments and removals of senior officers proposed by the Chief Executive Officer.
- d) Report to the Board on the gender issues contemplated in Recommendation 14.

*See section B.2.3*

Partial Compliance

All the duties contemplated in this Recommendation correspond to the Nomination and Remuneration Committee except the duty mentioned in d).

56. The Nomination Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning Executive Directors.  
Any director may request the Nomination Committee to consider potential candidates they consider suitable to fill vacancies on the Board.

Complies

57. Apart from the duties indicated in the preceding Recommendations, the Remuneration Committee should:

- a) Submit proposals to the Board on:
  - i) The remuneration policy for directors and senior officers;
  - ii) The individual remuneration of executive directors and other terms of contract.
  - iii) The basic conditions of senior executive contracts.

b) Ensure compliance with the remuneration policy established by the company.

See sections B.1.14 and B.2.3

Complies

58. The Remuneration Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning executive directors and senior officers.

Complies

## G. OTHER INFORMATION OF INTEREST

If you consider there to be an important principle or aspect regarding the corporate governance practices applied by your company that have not been mentioned in this report, indicate them below and explain the contents.

### EXPLANATORY NOTE ONE, CONCERNING SECTION A.5.

For relations between the Ebro Puleva companies and their significant shareholders, see section C.2 of this report.

### EXPLANATORY NOTE TWO, CONCERNING SECTION B.1.3.

Eugenio Ruiz-Gálvez Priego is an executive director by virtue of his position as CEO of Azucarera Ebro, S.L.U., which at 31 December 2008 was a wholly-owned subsidiary of Ebro Puleva, S.A.

Félix Hernández Callejas is General Manager of Herba Ricemills, S.L.U., a wholly-owned subsidiary of Ebro Puleva, S.A.

### EXPLANATORY NOTE THREE, CONCERNING SECTION B.1.4.

No requests for presence on the board were made during 2008 by shareholders with interests equal to or greater than others at whose request, had it been made, proprietary directors would have been appointed.

### EXPLANATORY NOTE FOUR, CONCERNING SECTION B.1.7.

María Blanca Hernández Rodríguez is also Chairman of the Board of Trustees of the Ebro Puleva Foundation.

### EXPLANATORY NOTE FIVE, CONCERNING SECTION B.1.11.

Explanations concerning the following pay items and other benefits mentioned in that section:

1. Bylaw provisions: share in profits stipulated in Article 22 of the Bylaws. See section B.1.14 of this Report.
2. Pension Funds and Schemes. Contributions: it is not actually a pension fund & scheme, but a Retirement System.

### EXPLANATORY NOTE SIX, CONCERNING SECTION B.1.13.

The Chairman, Antonio Hernández Callejas, informed the board in 2006 of his total, irrevocable waiver of the golden handshake clause originally established in his contract, consisting of a net compensation equivalent to the gross annual salary of two years.

The General Manager, Jaime Carbó Fernández, and the Secretary, Miguel Angel Pérez Álvarez, also waived the golden handshake clauses originally established in their respective contracts, consisting of a net compensation equivalent to the gross annual salary of two years. The board resolved in both cases to substitute a compensation in the event of removal from office or change of control of the company equivalent in net terms to the amount that would correspond to them applying the current regime established in the Workers' Statute.

The director Eugenio Ruiz-Gálvez Priego (also CEO of Azucarera Ebro, S.L.U., subsidiary of Ebro Puleva, S.A.) also waived the golden handshake clauses originally established in his contract, likewise consisting of a net compensation equivalent to the gross annual salary of two years. The board resolved to substitute a compensation in the event of removal from office or change of control of the company equivalent to the remuneration outstanding for all concepts up to the age of 65, hence diminishing progressively up to the date on which the interested party reaches that age, without prejudice to the possibility that he may remain in active employment if so agreed between the parties.

#### EXPLANATORY NOTE SEVEN, CONCERNING SECTION B.1.21.

Any of the directors, not only independent directors, may request the calling of a board meeting or inclusion of new items on the agenda.

#### EXPLANATORY NOTE EIGHT, CONCERNING SECTION B.1.40.

Antonio Hernández Callejas, Félix Hernández Callejas and María Blanca Hernández Rodríguez hold an indirect interest in Ebro Puleva, S.A. through the 15.344% interest held in the company by Instituto Hispánico del Arroz, S.A., directly and through Hispafoods Invest, S.L.

Juan Domingo Ortega Martínez has an indirect interest in Quesos Forlasa, S.A., through his 60.84% stake in Forlasa Alimentación, S.L., which in turn holds a stake of 99.75% in Quesos Forlasa, S.A.

See sections A.3 and C.5 of this Report.

#### EXPLANATORY NOTE NINE, CONCERNING SECTION B.2.1.

The Audit Committee of Ebro Puleva, S.A. is called the Audit and Compliance Committee.

***[NOTA: La siguiente frase sobre la Comisión de Nombramientos y Retribuciones se ha omitido por ser innecesario en inglés]***

#### EXPLANATORY NOTE TEN, CONCERNING SECTION C.5.

Potential conflicts of interest are described in section C.5 of this Report.

This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive.

In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

Binding definition of independent director:

State whether any of the independent directors have or have had any relationship with the company, its significant shareholders or its executives which, if sufficiently large or significant, would have disqualified the director from being considered independent pursuant to the definition set out in section 5 of the Unified Code of Good Governance.

NO

Date and signature:

This annual corporate governance report was approved by the Board of Directors of the company on 25/03/2009.

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

NO



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### REPORT ON THE DIRECTORS' REMUNERATION POLICY 2008

#### BOARD OF DIRECTORS EBRO PULEVA S.A.

##### 1. Introduction.

Recommendation 40 of the Unified Code of Good Governance of Listed Companies establishes the convenience for the Board to submit a report on the directors' remuneration policy to an advisory vote at the General Shareholders' Meeting, as a separate item on the agenda.

This report complies with that recommendation, making the Ebro Puleva remuneration policy 2008 transparent and putting it at shareholders' disposal as from the date of call to the forthcoming Annual General Meeting.

## 2. Applicable internal regulations

Directors' emoluments are regulated in Article 22 of the Bylaws, making a distinction between the share in the profits and attendance fees, payable generally to all board members, and the remuneration corresponding specifically to the executive directors, payable in cash or in kind (shares, contributions to pension schemes, etc.):

### ***“Article 22: Directors’ emoluments***

*When approving the company’s accounts for the previous year, the general meeting shall set aside for the directors a share of two and a half per cent (2.5%) of the consolidated profits attributable to the company, although this sum may only be taken from the net profit for the year of the company and after meeting the legal reserve requirements, setting aside for the shareholders the minimum dividend established in prevailing legislation and meeting all and any other priority assignments required by law. The directors may waive this remuneration, in full or in part, when drawing up the accounts. The board shall distribute the aforesaid sum among its members, annually and at its discretion, according to the duties assumed by each director on the board.*

*The directors shall also be entitled to a fee for attending meetings of the corporate bodies of the company, the amount of which shall be established every year by the general meeting.*

*Directors with executive duties in the company shall, regardless of the nature of their legal relationship with the latter, be entitled to remuneration for the performance of such duties, the amount of which shall be decided for each year at the Annual General Meeting. This remuneration may contemplate welfare payments to cover any public/private pension schemes and insurance systems considered necessary or retirement from office.*

*The board may establish the mandatory or voluntary application by directors of all or part of the remunerations contemplated in the preceding paragraphs to the purchase of shares in the company, and may also establish an obligation to keep the shares thus purchased for a specified time.*

*If executive directors waive their share in the profits, as contemplated in the first paragraph of this article, the sums that would correspond to them as a share in the profits of the company shall not be distributed among the remaining directors.”*



The Regulations of the Board stipulate in Article 14.3 that the Nomination and Remuneration Committee shall “study, issue reports and submit proposals for the Board on the following matters:

...

*d) Proposal of directors' emoluments, according to the system of remuneration established in the Bylaws and the relationship of the executive directors with the Company. The Committee shall also inform in advance on 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 thereof.*

...

*f) Supervision of the Top Management remuneration and incentives policy, obtaining information and reporting on the criteria followed by the Company's subsidiaries in this respect.”*

As regards the distribution of the share in the profits among the different Board members, according to the duties of each one on the Board and the different Committees, the scale currently in force following the latest review agreed by the Board upon recommendation by the Nomination and Remuneration Committee is as follows:

- ◁ Membership of the Board of Directors: 1 point
- ◁ Chairman of the Board: 1 point
- ◁ Vice-Chairman of the Board: 0.5 points
- ◁ For being on the Executive Committee: 1 point

Committees other than the Executive Committee:

- ◁ For being on the Committee: 0.2 points
- ◁ Chairman of the different committees: 0.05 points per meeting
- ◁ Committee members: 0.03 points per meeting

### **3. Remuneration policy for 2008**

**3.1. Share in profits.** On 26 February 2009, the Board of Directors of Ebro Puleva decided to propose at the AGM for the second year in succession freezing the share in profits corresponding to the directors in accordance with the bylaws, maintaining the same sum for 2008 as that distributed in 2006 and 2007 (€2,055,000), which is equivalent to proposing the application of a 1.57% share in the consolidated profit attributed to the company in 2008.

**3.2. Attendance fees for board and committee meetings.** The Board also decided to maintain attendance fees at 1,400 euro for Ebro Puleva board meetings and 700 euro for the different committee meetings (giving a total of € 252,700 in 2008).

The fees for attending board meetings in the subsidiary Dosbio 2010, S.L.U. were set at 700 euro, giving a sum of € 8,400 in 2008 for the directors of Ebro Puleva, S.A. who are also directors of that subsidiary.

The fees for attending board meetings in the subsidiary Puleva Biotech were also set at 700 euro, giving a sum of € 6,300 in 2008 for the directors of Ebro Puleva, S.A. who are also directors of that subsidiary.

No attendance fees are paid for board meetings in the other Group subsidiaries.

The aggregate sum of all attendance fees received by the directors of Ebro Puleva, S.A. in 2008 was € 267,400.

**3.3. Executive directors.** The executive directors work under contract with the following common features:

- ◁ Term of contract: indefinite
- ◁ Notice: four months
- ◁ Severance pay in the event of dismissal or takeover: although they were initially established in the contracts, there are no golden parachute clauses at present, because in 2006:
  - The Chairman, Antonio Hernández Callejas, informed the board of his total, irrevocable waiver of the golden handshake clause originally established in his contract, consisting of a net compensation equivalent to the gross annual salary of two years.
  - The General Manager, Jaime Carbó Fernández, also waived the golden handshake clause originally established in his contract, consisting of a net compensation equivalent to the gross annual salary of two years. The board resolved to substitute a compensation in the event of removal from office or change of control of the company equivalent in net terms to the amount that would correspond to him applying the current regime established in the Workers' Statute.
  - Eugenio Ruiz-Gálvez Priego, Managing Director of Azucarera Ebro (subsidiary of Ebro Puleva, of which he is also director), waived the golden handshake clause originally established in his contract, likewise consisting of a net compensation equivalent to the gross annual salary of two years. The board resolved to substitute a compensation in the event of removal from office or change of control of the company equivalent to the remuneration outstanding for all concepts up to the age of 65, hence diminishing progressively up to the date on which the interested party reaches that age, without prejudice to the possibility that he may remain in active employment if so agreed between the parties.

Directors performing executive duties were paid the following sums during 2008:

- ◁ Fixed remuneration: €1,788,511
- ◁ Variable remuneration: After examining the degree to which the set objectives were met (50% corresponding to EBIT and 50% to ROCE, both weighted at 100% in consolidated terms for directors with executive duties in the parent companies and 20% consolidated and 80% company for directors with executive duties in a subsidiary), the Board approved the sum of €569,062.
- ◁ One member of the Board with executive duties is also the beneficiary, according to the terms of his contract, of a supplementary life and retirement insurance policy in an annual sum of €156,362.

**3.4. Summary.** The overall remuneration accrued by Ebro Puleva board members in all the Group companies amounted to €4,680 thousand in 2008, as shown in the following table, including for comparison the figures corresponding to 2007 (in thousand euro):

Directors' remuneration and other emoluments	2008	2007
<b>Pay Items</b>		
Attendance fees	267	279
Share in profit	2,055	2,055
Total non-executive directors	<b>2,322</b>	<b>2,334</b>
Wages, salaries & professional fees	2,358	2,341
Compensation & other transfer instruments	0	0
Total executive directors	<b>2,358</b>	<b>2,341</b>
<b>Total Remunerations</b>	<b>4,680</b>	<b>4,675</b>
<b>Other Emoluments</b>		
Life insurance and retirement schemes	156	151

**3.5. Incentive Scheme linked to fulfilment of the Ebro Puleva Strategic Plan 2007-2009.**

Upon recommendation by the Nomination and Remuneration Committee, in 2006 the Board approved an incentive scheme for its executives consisting of the possibility of receiving a given sum of money linked to the achievement of a number of objectives established in the company's Strategic Plan for 2007-2009. The senior officers of the Ebro Puleva Group, including executive directors, are among the possible beneficiaries of the scheme.

The incentive would consist of a sum linked to the average fixed annual remuneration for 2007-2009 of each of the beneficiaries, to which a percentage would be applied according to the degree of fulfilment of the objectives established. The incentive would be paid in 2010 (once the General Meeting has approved the annual accounts for the preceding year) provided the beneficiaries remain in the group at least up to 31 December 2009 and the EBITDA, EVA and other qualitative objectives established in the aforesaid Strategic Plan are met.

As resolved by the Ebro Puleva Board, upon recommendation by the Nomination and Remuneration Committee, a provision of €2,564,894 was made in the consolidated annual accounts 2008 according to the degree of fulfilment of the objectives established in the Medium-Term Incentive Scheme. Of this sum, €1,324,005 corresponds to executive directors.

The cumulative provisions made in the annual accounts 2007 and 2008 amount to a total of €4,114,750, of which €2,260,961 corresponds to executive directors.

According to the General Conditions of the Incentive Scheme, this is a provisional estimate for accounting purposes and does not, per se, establish any right to receive that sum, for which, save in cases of death or declaration of disability, the beneficiaries must still be in the company when the Ebro Puleva annual accounts 2009 are approved at the 2010 Annual General Meeting.

This scheme is not indexed to the value of the Ebro Puleva share, nor does it involve any receipt by beneficiaries of shares or other rights thereover.

**3.6. Other information.** The company has not granted any loans or advances to any Board members, nor does it have any obligations under guarantees or bonds furnished on their behalf.

In general, none of the remunerations currently existing in favour of the Board members involves or contemplates the delivery of shares in the company or its subsidiaries.

The only exception to this is the Ebro Puleva Executive Share Delivery Scheme approved by the Board on 26 November 2008, under which Jaime Carbó Fernández received shares in Ebro Puleva, S.A. for a value of 11,985.54 euro, although this does not represent an effective increase in his remuneration, since according to the conditions of the Scheme and the terms authorised at the AGM on 9 June 2008, the same sum has been deducted from his monetary remuneration.

Finally, the company received counselling from Garrigues Human Capital Services when preparing the Incentive Scheme linked to fulfilment of the Ebro Puleva Strategic Plan 2007-2009. No other external consultants have provided any assistance in respect of the subject matter of this report.

#### **4. Remuneration policy for future years**

Apart from the Incentive Scheme linked to fulfilment of the Ebro Puleva Strategic Plan 2007-2009 described in section 3.5 above, the Board has not adopted any other resolutions on remuneration referring to or affecting future years.

**This report is drawn up by the Board of Directors of Ebro Puleva, S.A. following the recommendations of the Unified Code of Good Governance in Listed Companies and is to be put at the disposal of the company's shareholders together with the other documents and information supplied at the forthcoming Annual General Meeting of Ebro Puleva, S.A. This report is issued on 25 March 2009.**



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In pursuance of Supplementary Provision Eighteen to the Stock Market Act 24/1988 of 28 July and the recommendations of the National Securities Market Commission (CNMV), this report sets out the duties and activities performed by the Audit and Compliance Committee and its work as liaison between the Board and the Auditors during the year ended 31 December 2008.

The main activities performed during 2008 can be classified into two groups, corresponding to the duties of the Commission:

- ◁ Checking of all financial information distributed by the company and coordination with the auditors.
- ◁ Analysis of the internal control systems and supervision of the Internal Audit Department.



## CHECKING OF ALL FINANCIAL INFORMATION DISTRIBUTED BY THE COMPANY AND COORDINATION WITH THE AUDITORS

According to the Regulations of the Board, the Audit and Compliance Committee must be informed of the procedures and systems used for drawing up the financial statements of the Company, supervising the periodical information submitted to the stock exchange councils and all other financial information distributed by the Company.

It must also ensure adequate functioning of the systems used to prepare the separate and consolidated annual accounts and directors' report, ensuring that they give a true and fair view of the net worth, financial position and results of the Company, maintaining regular contacts with the auditors, receiving information on any issue that may jeopardise their independence and receiving information and exchanging communications with them in accordance with prevailing auditing standards and legislation.

At a meeting held on 29 July 2008, the Committee approved the proposal submitted by the auditors Ernst & Young, S.L. for professional services in 2008.

During 2008, the Audit and Compliance Committee examined the contents of the financial information distributed to third parties, at least at the following meetings:

- ◁ Review and analysis of the separate and consolidated annual accounts at 31 December 2007, to be officially drawn up by the Board of Directors (Committee meeting of 27 February 2008).
- ◁ Review and analysis of the first quarter 2008 financial report to be filed with the CNMV (Committee meeting of 30 April 2008).
- ◁ Review and analysis of the first half 2008 financial report to be filed with the CNMV (Committee meeting of 29 July 2008).
- ◁ Review and analysis of the economic and financial information for the third quarter 2008, together with the financial report to be filed with the CNMV (Committee meeting of 29 October 2008).

## ANALYSIS OF THE INTERNAL CONTROL SYSTEMS BY THE INTERNAL AUDIT DEPARTMENT

One of the duties commissioned by the Regulations of the Board is to check the procedures and systems used for the Company's financial reporting, supervised by the internal audit services. The Internal Audit Department draws up an Annual Plan, which it submits to the Audit Committee for subsequent monitoring.

The work done by the Internal Audit Department includes audits of operations and procedures to analyse the internal control systems of the parent company and its subsidiaries. The conclusions of these audits have been presented to the audited companies for discussion and to the Ebro Puleva Audit and Compliance Committee.

Financial audits have also been made of some of the group's subsidiaries, to supplement the work done by the external auditors.

Some of the most important work done by the internal audit services and analysed at Committee meetings are listed below.

### **FINANCIAL AUDITS:**

- ◁ Herba Group - Spain (Committee meeting of 27 February 2008).
- ◁ Azucarera Ebro - Spain (Committee meeting of 27 September 2008).
- ◁ Mundi Riz - Morocco (Committee meeting of 30 April 2008).
- ◁ Arotz - Spain (Committee meeting of 30 April 2008).
- ◁ New World Pasta - USA (Committee meeting of 30 April 2008).
- ◁ Herba Bangkok - Thailand (Committee meeting of 29 July 2008).
- ◁ Puleva Food - Spain (Committee meeting of 29 July 2008).
- ◁ Danrice - Denmark (Committee meeting of 29 July 2008).
- ◁ Exxentia - Spain (Committee meeting of 29 October 2008).
- ◁ Euryza - Germany (Committee meeting of 29 October 2008).
- ◁ Herba Puerto Rico (Committee meeting of 29 October 2008).

Finally, the Audit and Compliance Committee also addressed the following issues during 2008:

- ◁ Analysis of the WACC [weighted average cost of capital] 2007 and 2008 to calculate the Group EVA [economic value added] (Committee meeting of 27 February 2008).
- ◁ Risks and conflicts of interest (Committee meeting of 26 March 2008).
- ◁ Appointment of external auditors for 2008 (Committee meeting of 26 March 2008).
- ◁ Report on Group goodwill (Committee meeting of 30 April 2008).
- ◁ Monitoring of the Group's debt "covenants" (Committee meeting of 30 April 2008).