

Governance Model

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1 Governance bodies



Governance bodies

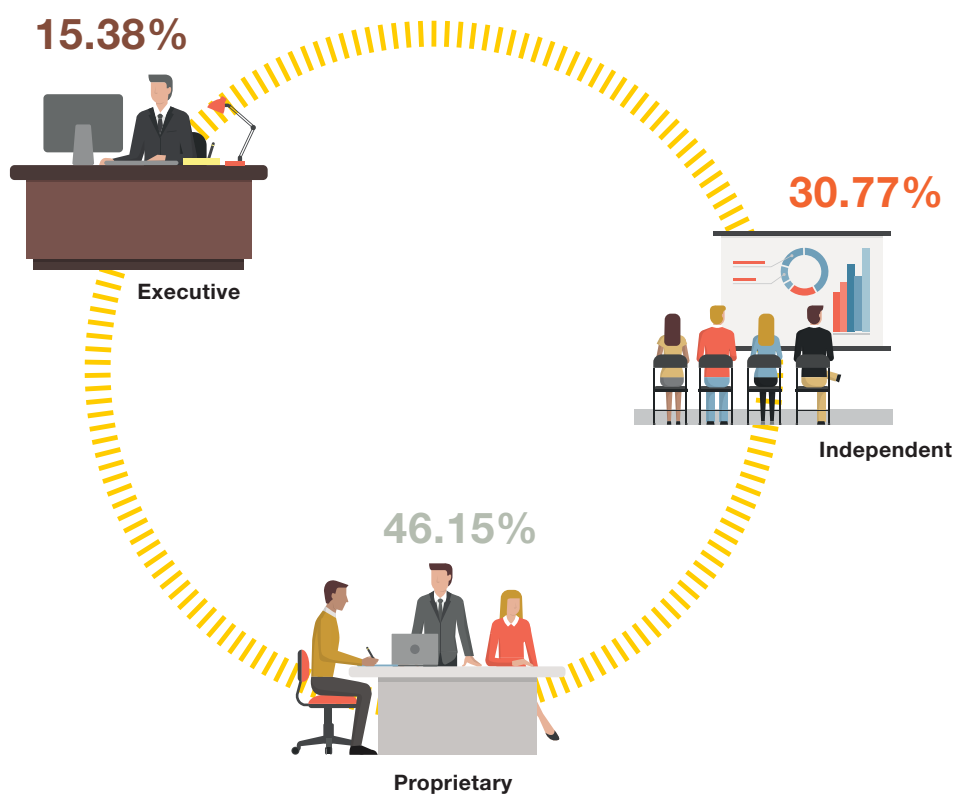
The governance bodies of Ebro Foods, S.A. are the General Meeting of Shareholders and the Board of Directors.

The General Meeting is the company's sovereign body. It is competent to discuss and adopt resolutions on all business reserved in law or the Articles of Association for decision by this body and, in general, on all business which, within its legal scope of competence, is submitted to it by the Board of Directors or the shareholders as stipulated in law.

Save in any matters reserved by law, regulations or the Articles of Association to the General Meeting, the Board of Directors is the highest body of governance and administration of the company, with full powers to direct, administer and represent the company in the activities comprising its objects. The Board of Directors commissions the day-to-day management of the company to its executive members and the senior officers, focusing its own activities on oversight and certain general duties including, among others, those corresponding to it by law, those established in the Regulations of the Board and any that may be delegated to it by the General Meeting of Shareholders in the form stipulated in law.


The Board of Directors will have no fewer than seven nor more than fifteen members, the General Meeting being competent to decide their exact number and to appoint and remove directors.

At 31 March 2018, the Board of Directors of Ebro Foods has twelve out of a total of thirteen members, two of whom are executive directors, six are proprietary directors and four are independent directors.



The following table shows the composition of the Board at 31 March 2018 and any changes that have taken place between 1 January 2017 and that date.

CHAIRMAN

Antonio Hernández Callejas   Executive

VICE-CHAIRMAN

Demetrio Carceller Arce    Proprietary

MEMBERS

Alimentos y Aceites, S.A.

Represented by Concepción Ordiz Fuertes

Proprietary

Belén Barreiro Pérez-Pardo
(Director since 25-01-2017)

 Independent

María Carceller Arce
(Director since 21-03-2018)

Proprietary

Fernando Castelló Clemente

  Independent

Jose Ignacio Comenge Sánchez - Real
(Lead Independent Director since 29-03-2017
replacing José Antonio Segurado García)

 Independent

Mercedes Costa García

  Independent

Corporación Económica Delta, S.A.
Represented by María Carceller Arce
(Director up to 21-03-2018)

Proprietary

Corporación Financiera Alba, S.A.
Representado por Javier Fernández Alonso
(Consejero hasta 31-1-2018)

  Proprietary

Empresas Comerciales e Industriales Valencianas, S.L.
Represented by Javier Gómez-Trenor Vergés (since 29-03-2017,
after the death of Juan Luis Gómez-Trenor Fos in January 2017)

Proprietary

Javier Fernández Alonso
(Director up to 31-01-2018)

Independent

Grupo Tradifín, S.L.
Represented by Blanca Hernández Rodríguez

  Proprietary

Hercaliantz Investing Group, S.L.
Represented by Félix Hernández Callejas

 Executive¹

August Oetker
(Director up to 01-06-2017)

Proprietary

José Antonio Segurado García
Deceased 16-2-2017

Independent

NON-DIRECTOR SECRETARY

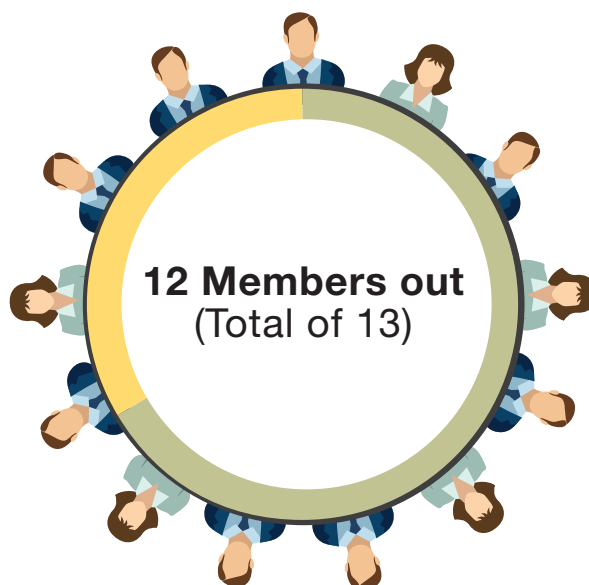
Luis Peña Pazos

NON-DIRECTOR VICE-SECRETARY

Yolanda de la Morena Cerezo

(1) Hercaliantz Investing Group, S.L. has never performed executive or management duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, has not received any remuneration as such. It is classified as executive director in view of the fact that its representative on the Ebro Foods board is an executive of one of the Group's subsidiaries.

With this composition of the board: (i) the four independent directors represent 30.77% of the total directors (33.33% considering only the twelve positions filled), so Ebro, considered a low cap company, complies with the recommendation of the Good Governance Code that the number of independent directors should represent at least one-third of the total directors; and (ii) women account for 38.46% of the total board members (41.67% considering only the twelve positions actually filled). This is a larger portion than the target set in the Policy for Selecting Directors, according to which by 2020 the gender least represented on the board should account for at least 30% of the total board members. That target was reached in January 2017 and reinforced in June 2017.



53.84%



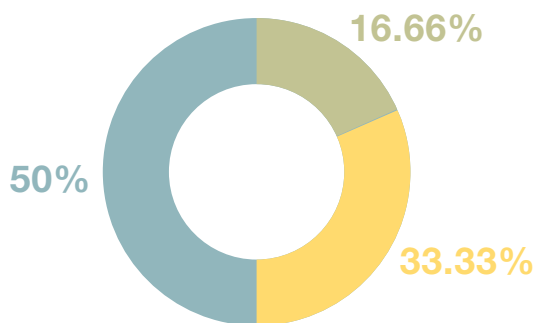
38.46%

58.33%

Individual members

41.66%

Corporate members



Aged 35-45

Aged 45-55

Aged over 55



There are also four Committees, which guarantee fulfilment of the Board's duties and have the powers and competence established in the law, the Articles of Association and the Regulations of the Board.

At 31 March 2018, the composition of the four Committees is as follows



EXECUTIVE COMMITTEE

Antonio Hernández Callejas (Chairman)

Demetrio Carceller Arce

Corporación Financiera Alba, S.A.
Represented by Javier Fernández Alonso

José Antonio Segurado García (up to 16-02-2017)



NOMINATION AND REMUNERATION COMMITTEE

Fernando Castelló Clemente (Chairman)

Demetrio Carceller Arce

Grupo Tradifín, S.L.
Represented by Blanca Hernández Rodríguez

Mercedes Costa García



AUDIT AND COMPLIANCE COMMITTEE

José Ignacio Comenge Sánchez-Real (Chairman)

Fernando Castelló Clemente

Mercedes Costa García

Grupo Tradifín, S.L. Represented by
Blanca Hernández Rodríguez

Belén Barreiro Pérez-Pardo



STRATEGY AND INVESTMENT COMMITTEE

Demetrio Carceller Arce (Chairman)

Antonio Hernández Callejas

Hercalanz Investing Group, S.L.
Represented by Félix Hernández Callejas

Corporación Financiera Alba, S.A.
Represented by Javier Fernández Alonso

2 Shareholding structure and share performance



Shareholding structure and share performance

Ebro Foods currently has a capital of €92,319,235.20, fully subscribed and paid up. The shares are issued in book-entry form, registered with the Management Company of Securities Liquidation and Clearing Registration Systems (IBERCLEAR) and listed on the four Spanish stock exchanges.

The details of the capital represented on the board as at 31 December 2017 are shown below:

SCALE OF PERCENTAGE INTERESTS IN THE CAPITAL	NUMBER OF CONTROLLING SHAREHOLDERS AND/OR DIRECTORS WITH AN INTEREST IN THE CAPITAL	TOTAL PERCENTAGE OF CAPITAL
≥ 10,00%	3	33.87%
≥ 5.00% < 10.00%	3	23.75%
≥ 3.00% < 5.00%	0	0.00%
< 3.00%	6 (*)	4.53%

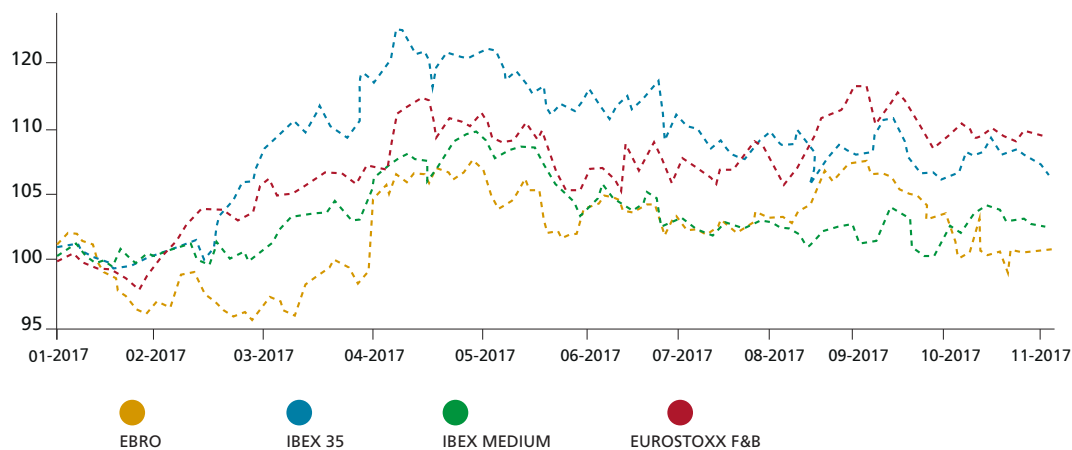
(*) None of these six directors is a significant shareholder because the stake each holds in the capital is less than 3%.

At 31 March 2018, 62.15% of the share capital was represented on the board, while the free float was estimated at 37.85%.

SHARE PERFORMANCE

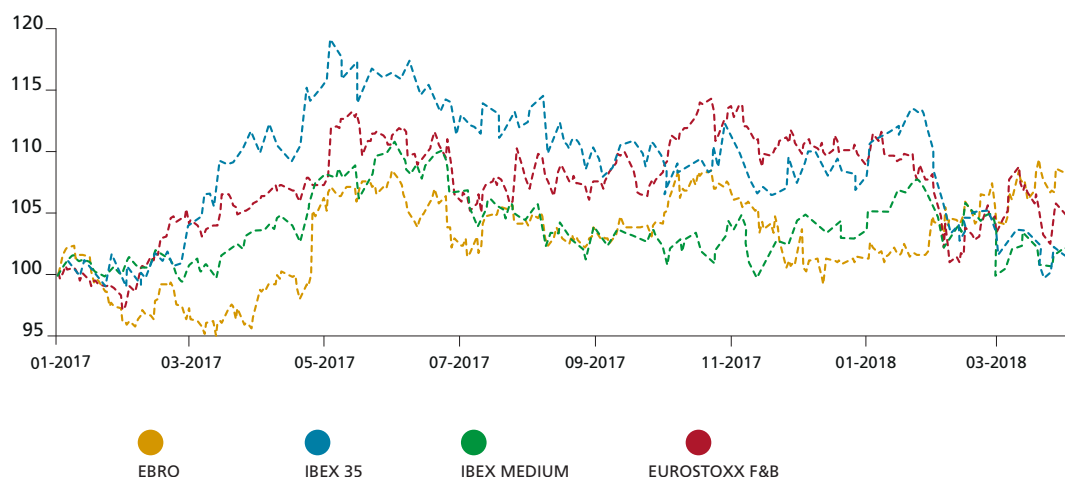
During 2017, the value of the Ebro Foods share rose by 1.2%. Over the same period, Ibex 35 rose by 6.6%, Ibex Med by 2.8% and Eurostoxx Food and Beverage by 9.2%.

EBRO vs Indexes 2017



The average share price in 2017 was €19.53, closing the year on 29 December at €19.34. Share turnover was equivalent to 0.26 times the total number of shares in the company. The average daily volume of trading during 2017 was 155,248 shares.

EBRO vs Indexes from 2017 to April 2018



Observing the share performance according to the continuous reporting requirement, from January 2017 up to the closing date of this report (5 April 2018), the value of the Ebro share has risen by 6.8%, while Ibex 35 is up 3.3%, Ibex Med 2.7% and Eurostoxx Food and Beverage 6.6%.

EBRO ANALYSTS

Analysts continue to rate our share highly and EBRO is currently tracked by the following firms

- | | |
|------------------------------|--------------------------------------|
| 1. Ahorro Corporación | 10. JB Capital Markets, S. V. |
| 2. Banco Sabadell | 11. Kepler Cheuvreux Capital Markets |
| 3. Haitong Research - Iberia | 12. Link Securities |
| 4. BBVA | 13. Mirabaud |
| 5. BPI | 14. Alantra (N+1) |
| 6. Gaesco Beka | 15. Santander Investment |
| 7. Exane BNP Paribas | 16. UBS |
| 8. Fidentiis | 17. Renta 4 |
| 9. Intermoney | |



At year-end 2017, the average rating by analysts gave EBRO a target price of €21.18 per share, 8.73% higher than our market price at that date.

DIVIDENDS

An ordinary dividend of €88 million (€0.57 euros per share) was distributed during 2017 against the 2016 profits.

The ordinary dividend was paid in three instalments (€0.19 per share) in April, June and October 2017.

The dividend yield per share at year-end was 2.8%.

For 2018, the Ebro Foods board unanimously resolved on 24 October 2017 to table a motion at the forthcoming Annual General Meeting proposing a dividend of €0.57 per share against the 2017 earnings, to be distributed in three payments of €0.19 per share in April, June and October 2018 (€88 million). Therefore, the same dividend as in 2017 would be maintained.

NB: All the information on the ownership structure and governance of the company can be consulted in the Annual Corporate Governance Report.

3 Risk management



Risk management

Within the corporate policies approved by the Board of Directors, the Risk Control and Management Policy lays down the basic principles and general framework for control and management of the business risks, including tax risks, to which the Company and other companies in its group are exposed and the internal control of financial reporting.

Within this general framework, the integrated, homogenous Risk Control and Management System is based on the preparation of a business risk map to identify, assess and rate the management capacity of different risks and thus obtain a ranking from greater to lesser impact for the Group and their probability of occurrence. The risk map also indicates measures for mitigating or neutralising the risks identified. Risks are classified into four main groups: compliance, operational, strategic and financial.

In the classification process, a dynamic assessment is made of both inherent risk and the residual risk after applying the internal controls and protocols established to mitigate them. Those controls include preventive measures, adequate segregation of duties, clear levels of authorisation and the definition of policies and procedures. These controls can in turn be grouped into manual and automatic, carried out by computer applications.

The model is both qualitative and quantitative and can measure risks in the Group earnings, considering whether the risk level is acceptable or tolerable on a corporate level.

The Risk Control and Management System is dynamic, so the risks to be considered vary in line with the circumstances in which the Group operates.

The Risk Control and Management System, including tax risks, and control over financial information rests on the following structure:

- ▶ The Board of Directors, as the body responsible for the system, determines the risk, including tax risks, control and management system and control over financial information.
- ▶ The Audit and Compliance Committee, through the Risks Committee, performs the duties of oversight and monitoring of financial reporting and risk control systems, reporting regularly to the board on any significant aspects arising in these areas. It is also responsible for supervising and promoting internal control of the Group and risk management systems, and submitting proposals to the Board on the risk control and management policy and possible measures for improvement.
- ▶ The Risks Committee, following the policy established by the Board and supervised by and reporting to the Audit Committee, is specifically responsible for coordination and monitoring of the risk, including tax risks, control and management system and control of the Group's financial reporting. The Risks Committee also analyses and assesses any risks associated with new investments.
- ▶ The Management Committees of the different units, with the participation of the Chairman of the Board and the Chief Operating Officer (COO), assess the risks and decide on the measures to be taken.
- ▶ Risk officers in the different units. The Risks Committee appoints officers responsible in the major subsidiaries for monitoring the risk, including tax risks, control and management systems, as well as the financial reporting and reporting to the Committee.
- ▶ Internal Audit Department. Within the internal audits made on the different subsidiaries, the company's Internal Audit Department checks that the testing and control of financial reporting and risk management systems have been done correctly, as stipulated by the Risks Committee.

NB: A full description of the risks and the measures taken to mitigate them can be consulted in the consolidated Directors' Report.