

# **Annual Report** in Remuneration

## ANNEX 1

### ANNUAL REPORT ON REMUNERATION OF THE DIRECTORS OF LISTED COMPANIES

#### DETAILS OF ISSUER

<b>YEAR ENDED</b>	31/12/2017
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<b>TAX REGISTRATION NUMBER</b>	A47412333
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<b>NAME</b>
EBRO FOODS, S.A.

<b>REGISTERED OFFICE</b>
PASEO DE LA CASTELLANA 20 – 3 <sup>rd</sup> AND 4 <sup>th</sup> FLOORS - MADRID

## ANNUAL REPORT ON REMUNERATION OF THE DIRECTORS OF LISTED COMPANIES

### A. COMPANY'S REMUNERATION POLICY FOR THIS YEAR

A.1 Explain the company's remuneration policy. Information should be included within this section on:

- General principles and foundations of the remuneration policy.
- Most significant changes in the remuneration policy in respect of that applied in the previous year and changes made during the year to the terms and conditions for exercising options already granted.
- Criteria followed and composition of comparable groups of companies whose remuneration policies were taken into account when defining the company's remuneration policy.
- Relative importance of the variable and non-variable remuneration items and criteria followed to determine the components of the directors' remuneration package (remuneration mix).

#### Explain the remuneration policy

The Articles of Association regulate directors' remuneration, in accordance with the applicable legal provisions, in Article 22, making a distinction between the remuneration of directors as such (share in profits and attendance fees for Board and Committees meetings) and the remuneration corresponding to executive directors for their executive duties. See explanatory Note two in section E of this Report, in which Article 22 is transcribed, and Article 41 of the Regulations of the Board.

Based on the regulations laid down in the Company's Articles, the remuneration policy for directors is established in accordance with the following principles:

- (i) Directors shall be remunerated according to their duties, responsibilities and dedication. This remuneration shall be sufficient to retain talent and acknowledge the directors' track record.
- (ii) The remuneration shall be set according to the importance of the Company, its economic situation from time to time and comparable market standards.
- (iii) Directors' remuneration should be reasonable without compromising their independence of judgement, especially that of non-executive directors.
- (iv) The remuneration system of directors, particularly executive directors for their executive duties, shall be designed to boost the company's long-term sustainability and profitability and maximise its value for the benefit of all its shareholders, avoiding excessive exposure to risks and reward for unfavourable results. In this regard, an attractive remuneration system has been designed for executive directors, for their executive duties, (and other senior executives of the Group) with a view to attracting and retaining talent and professional worth on the one hand, and securing an adequate balance between Group earnings and risk exposure on the other.

In keeping with the regulations and principles indicated above, the remuneration policy for Company directors is structured as follows:

- a) All directors, as such, receive a non-variable remuneration set in consideration of (i) the economic situation of the Company (since the share in profits established in the articles is calculated on the basis of the consolidated profits of the Group) and (ii) the duties of each director on the Board and in the different Committees. They also receive attendance fees for Board and Committees meetings.

b) Non-executive directors do not receive any variable remuneration based on the profits of the Company or Group.

c) The executive directors are rewarded for their executive duties as specified in their respective contracts. The scheme remuneration of executive directors (like the scheme remuneration of the main senior executives of the Group) includes the following components:

- annual fixed remuneration;

- annual variable remuneration, depending on the degree of fulfilment of the quantitative and qualitative targets set by the board for each year, based on a report by the Nomination and Remuneration Committee. This remuneration is proportional to the fulfilment of the targets set, establishing a floor (below which variable remuneration is zero) and a ceiling (above which variable remuneration is capped at 150% of the amount payable for meeting the targets); and

- deferred annual variable remuneration, applicable in some cases, as explained in section A.4 of this Report.

**A.2 Information regarding preparatory work and the decision-making process followed to determine the remuneration policy and any role played by the remuneration committee and other control bodies in the configuration of the remuneration policy. This information shall include any mandate given to the remuneration committee, the composition thereof and the identity of any external advisors whose services have been used to determine the remuneration policy. The nature of any directors who contributed towards defining the remuneration policy shall also be indicated.**

#### **Explain the process for determining the remuneration policy**

Article 25.4 of the Regulations of the Board stipulates 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 Articles of Association and the executive directors’ relationship 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 thereover.

.../...

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

In addition, following the reform of the Corporate Enterprises Act, No. 31/2014 of 3 December (“Act 31/2014”), the Nomination and Remuneration Committee must “submit to the Board a proposal for the remuneration policy for directors and chief executives and any other senior executives reporting directly to the Board, executive committees or managing directors, and the individual remuneration and other terms of contract of executive directors, overseeing compliance”.

The Nomination and Remuneration Committee performs these duties at working meetings held throughout the year.

The composition of this committee at the date of this report is as follows:

- Fernando Castelló Clemente (Independent Director) – Chairman

- Demetrio Carceller Arce (Proprietary Director) – Member

- Grupo Tradifin, S.L. represented by Blanca Hernández Rodríguez (Proprietary Director) – Member

- Mercedes Costa García (Independent Director) – Member

- Luis Peña Pazos (Non-member Secretary)

José Antonio Segurado García, Independent Lead Director, was a member of the Nomination and Remuneration Committee up to his death on 16 February 2017.

Notwithstanding the powers of the Nomination and Remuneration Committee in this matter, following the reform introduced by Act 31/2014 the Board of Directors is exclusively competent to make “decisions on directors’ remuneration, in accordance with the articles of association and the remuneration policy, if any, approved by the general meeting”. Prior to the reform, the board of directors decided on the directors’ remuneration and the terms of contract of executive directors for their executive duties, in view of a report issued by the Nomination and Remuneration Committee, in accordance with the duties assigned to it in the Regulations of the Board and the good governance recommendations in place at that time.

The foregoing powers are included within the framework defined in Article 22 of the Articles of Association transcribed in explanatory Note two, section E of this Report and the remuneration policy applicable from time to time.

**A.3 State the amount and nature of the fixed components, stating separately, if applicable, the remuneration of executive directors for performance of senior management duties, additional remuneration as chair or member of a board committee, attendance fees for meetings of the board and its committees or other non-variable remuneration as director, and include an estimate of the annual fixed remuneration produced. Identify any other benefits not paid in cash and the basic parameters for which they accrue.**

<b>Explain the fixed components of directors’ remuneration</b>
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a) Fixed remuneration of the directors as such

The fixed sum corresponding to the directors as such (the “Statutory Share in the Profits”) is decided by the General Meeting within the limits established in the Articles of Association.

The distribution of that amount set by the General Meeting is decided by the Board according to the system of points awarded to the directors for the duties of each one on the Board and the different Committees. Under that system, the following points (on the basis of which the Statutory Share in the Profits is distributed) correspond to the directors:

- Member of the Board of Directors: 1 point
- Chairman of the Board: 1 point
- Vice-Chairman of the Board: 0.5 points
- Member of the Executive Committee: 1 point
- Committees other than the Executive Committee:
  - Member of the Committee: 0.2 points
  - Chairman: 0.05 points per meeting
  - Members: 0.03 points per meeting

On 28 February 2018, upon recommendation and with a favourable report by the Nomination and Remuneration Committee, the Board resolved as follows with regard to the Statutory Share in the Profits:

- to maintain the statutory share in the profits of the previous year, of 2,728 thousand euros, representing 1.23% of the consolidated net profit attributed to the Company in 2017; and
- to maintain the attendance fees of 1,600 euros for attending Board meetings and 800 euros for attending the different Committees meetings. Accordingly, the total amount accrued by directors in attendance fees was 272 thousand euros in 2017.

b) Fixed remuneration of executive directors for performing executive duties

The Chairman of the Board, as executive director, received a fixed remuneration for the performance of executive duties of 1,027,388.59 euros in 2017, in accordance with his contract.

For this year (2018), the Board resolved on 28 February 2018 (in view of a favourable report by the Nomination and Remuneration Committee) to raise the fixed remuneration of all the Group's executives in Spain, including the executive Chairman, by 2%.

The Chairman is the only executive director performing executive duties. Although Heralianz Investing Group, S.L. is recognised as an executive director (because its individual representative on the Board of Directors of Ebro Foods, S.A. was an executive of one of the Group's subsidiaries), it has never performed executive or management duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, has received no remuneration for such duties..

See sections A.4, A.7, C, D.1 and explanatory Note one in section E of this Report regarding Heralianz Investing Group, S.L. and its classification as executive director.

The individual amounts actually accrued in 2017 by each member of the Board for each of the remuneration components indicated above are set out in section D of this Report.

#### A.4 Explain the amount, nature and main features of the variable components of the remuneration systems.

In particular:

- Identify each of the remuneration schemes of which the directors are beneficiaries and the scope, date of approval, date of implementation, effective period and main features thereof. In the case of stock option plans and other financial instruments, the general features of the plan shall include information on the conditions for the exercise of those options or financial instruments for each scheme.
- State any remuneration received under profit-sharing or bonus schemes and the reason for accrual thereof.
- Explain the fundamental parameters and rationale for any annual bonus plan.
- The types of director (executive directors, non-executive proprietary directors, non-executive independent directors or other non-executive directors) who are beneficiaries of remuneration systems or schemes that include variable remuneration.
- The rationale for such remuneration systems or schemes, the performance assessment criteria used and the components and methods of assessment to determine whether or not those performance criteria have been met. Estimate the total amount of variable remuneration accruing under the current remuneration scheme, according to the degree of fulfilment of the hypotheses or objectives used as the benchmark.
- If applicable, provide information on any payment deferral periods that have been established and/or the periods for retaining shares or other financial instruments.

<b>Explain the variable components of directors' remuneration</b>
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Of the directors, only the Chairman of the Board, as executive director performing executive duties, receives variable remuneration on similar terms to the other senior executives of the company, according to the Directors' Remuneration Policy.

The variable remuneration of the Chairman of the Board for his executive duties includes:

- (i) Annual variable remuneration:

As mentioned in point A.1 above, the annual variable remuneration is proportionate to the level of achievement of the targets established for each year by the Board, in view of a proposal and report by the Nomination and Remuneration Committee.

The annual variable remuneration accrues according to the rules set out in explanatory Note three in section E of this Report.

On 24 February 2016, in view of a favourable report by the Nomination and Remuneration Committee, the Board established the EBITDA budgeted for the consolidated Group as the sole target to be assessed for the ordinary annual variable remuneration of the executive Chairman in 2017.

Based on this, following assessment of the degree of achievement of that target and issuance of the corresponding proposal by the Nomination and Remuneration Committee, the Board confirmed on 28 February 2018 that the target had been met in a percentage of 100.10%, so the annual variable remuneration of the executive Chairman was set at 1,015,985 euros for 2017.

On 28 February 2018, in view of a favourable report by the Nomination and Remuneration Committee, the Board resolved to maintain achievement of the EBITDA budgeted for the consolidated Group as the sole objective to be assessed for the ordinary annual variable remuneration of the Executive Chairman in 2018.

(ii) Deferred annual variable remuneration:

On 24 April 2013, on the proposal of the Nomination and Remuneration Committee, the Board of Directors of Ebro Foods, S.A. approved a Deferred Annual Bonus System linked to fulfilment of the Strategic Plan 2013-2015 for the senior management of the Ebro Foods Group. The Chairman of the Board, as executive director, participates in that System according to the terms of his contract.

As indicated in the Annual Report on Remuneration of the Directors for 2013, the targets established for the last year of the Plan (2015, payable in 2017) are (i) EBITDA and ROCE for such third year to which compliance it is subject the accrual of 25% of the deferred annual variable remuneration and (ii) the qualitative assessment of investments in inorganic growth made during the three-year period, the remaining 25% of the deferred remuneration.

The beneficiaries of the System (including the Chairman of the Board as executive director) will only be entitled to receive the deferred remuneration if they are still working in the Ebro Group at the date of payment. As an exception, the System contemplates early payment in case of (i) the employment relationship with the Company ends during the period of the Plan owing to the death or a final declaration of total, absolute or major disability; and (ii) takeover of the Group or any similar corporate operation.

The Chairman of the Board is entitled to a deferred annual bonus for his executive duties proportional to the degree to which the set targets have been met. If those targets are fully met, he will be entitled to 100% of the bonus, capped at 125% of the budgeted targets (in which case the bonus for the 3-year period would be 125% of the fixed remuneration) and with a floor of 85% of the budgeted targets (at which no bonus would accrue).

The deferred annual bonus will not be payable until eleven months after it has been decided in view of the financial results of each year. For this reason, in 2017 the Chairman of the Board was paid the deferred annual bonus for 2015, in a sum of 485 thousand euros. That sum represents up to 50% of the remuneration for the three-year period, for which a provision was recognised in the 2015 annual accounts.

On 31 March 2016, upon proposal by the Nomination and Remuneration Committee, the Board of Directors approved a new Deferred Annual Bonus System for the senior management of the Ebro Foods Group, linked to fulfilment of the Strategic Plan 2016-2018. The Chairman of the Board, as executive director performing executive duties, participates in that System according to the terms of his contract.

That Deferred Annual Bonus System linked to fulfilment of the Strategic Plan 2016-2018 is identical to the System linked to the Strategic Plan 2013-2015.

A provision of 788 thousand euros has been recognised in the Company's accounts for 2017 as a provisional estimate of the deferred annual variable remuneration payable to the Chairman of the Board (as executive director and for his executive duties) for 2017, under the Deferred Annual Bonus System linked to the Strategic Plan 2016-2018. That sum represents up to 25% of the remuneration for the 3-year period and will be payable in 2019.

The above-mentioned Systems are not linked to the value of the company's share, nor do they entail receipt by its beneficiaries of any shares or rights thereover.

Although Hercalanz Investing Group, S.L. is recognised as an executive director, it has never performed executive or management duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, has received no remuneration for such duties. The reasons for its classification as executive director are explained in sections A.4, A.7, C, D.1 and explanatory Note one in section E of this Report.

**A.5 Explain the main features of the long-term saving schemes, including retirement and any other survival benefit, wholly or partially financed by the company with internal or external funds, estimating the equivalent annual cost thereof, stating the type of plan, whether it is a defined-contribution or defined-benefit plan, the conditions for the vesting of economic rights in favour of the directors and the compatibility thereof with any kind of termination benefit payable upon interruption of the contractual relationship between the company and the director.**

Indicate also the contributions made on behalf of any directors to defined-contribution pension schemes; or the increase in directors' vested rights when the contributions are made to defined-benefit schemes.

<b>Explain the long-term saving schemes</b>
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No contributions have been made to any pension funds or schemes for former or existing members of the Board of Directors (neither the directors as such nor the executive directors for the performance of executive duties) and no obligations have been contracted in this respect.

Nor have any contributions been made or obligations contracted for directorships in other Group companies (for the directors as such or the executive directors for the performance of executive duties).

**A.6 State any compensations arranged or paid for termination of directors' duties as such.**

<b>Explain compensations</b>
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No compensations have been arranged or paid for termination of directors' duties (neither the directors as such nor the executive directors for the performance of executive duties).

**A.7 State the terms and conditions to be respected in the contracts of executive directors performing senior management duties. Include information, inter alia, on the term, limits on severance pay and other compensations, continued service clauses, required notice and payment in lieu of notice, and any other clauses relating to golden hellos, as well as golden handshakes, golden parachutes or any other compensation payable on termination of the contractual relationship between the company and the executive director. Include details of any clauses or agreements on restraint of trade, exclusive dedication, minimum employment commitment, loyalty and no competition during and after employment.**

<b>Explain the terms of executive director contracts</b>
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Pursuant to sections 249, 529 octodecies and 529 quidecies of the Corporate Enterprise Act (as amended in Act 31/2014) and Article 22 of the Articles of Association, the Board is competent to establish the terms of contracts to be signed by the company with its executive directors having executive duties, upon recommendation by the Nomination and Remuneration Committee and within the Directors' Remuneration Policy approved by the General Meeting.

The principal terms of contract of the Executive Chairman of the company for his executive duties (apart from the remuneration, which is explained in other sections of this Report) are as follows:

- Term: indefinite
- Notice: three months



- Termination benefits: none
- Continued services or post-contract no competition clauses: none

Although Heralianz Investing Group, S.L. is recognised as an executive director, it has never performed executive or management duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, has received no remuneration for such duties. The reasons for its classification as executive director are explained in sections A.4, A.7, C, D.1 and explanatory Note one in section E of this Report.

**A.8 Explain any supplemental remuneration paid to directors for services rendered in addition to those inherent in their directorship.**

**Explain supplemental remuneration**

No supplemental remuneration is earned by directors (neither the directors as such nor the executive directors for the performance of executive duties) for services rendered in addition to those inherent in their directorship or the performance of executive duties.

**A.9 Inform on any remuneration paid in the form of advances, loans and guarantees, indicating the interest rate, principal terms and conditions and any amounts that have been repaid, as well as any collateral obligations.**

**Explain advances, loans and guarantees given**

The Company has not granted any loans or advances to members of the Board (neither the directors as such nor the executive directors for the performance of executive duties), or contracted any obligations on their behalf through guarantees or bonds.

**A.10 Outline the main features of remuneration in kind.**

**Explain remuneration in kind**

The Chairman of the Board, as executive director performing executive duties, receives remuneration in kind to the extent of private use made of the company car allocated to him. The value of his remuneration in kind for 2017 (12,384.59 euros) is included within the fixed remuneration of the executive director indicated elsewhere in this Report.

In addition, the Company has a Flexible Remuneration System, through which it is possible to design the composition of remuneration of the executives included in the System (including the Chairman of the Board), so that they may receive part of that remuneration in the form of products and services previously selected by the Company, the amount of which is discounted from the executive's gross salary, who is instead allocated the corresponding income in kind. Among these products and services are included a collective medical insurance, housing rental, nursery, vehicle hire/lease and training of the employee.

These items do not entail additional remuneration to that received in cash, since the amounts paid by the Company to the corresponding service providers are deducted from the executive's salary.

**A.11 Indicate the remuneration accrued by the director by virtue of payments made by the listed company to a third party in which the director works, when such payments are intended to remunerate the director's services to the company.**

**Explain remuneration accrued by the director by virtue of payments made by the listed company to a third party in which the director works**

No payments of this nature have been made.

- A.12 Indicate any item of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it is considered a related party transaction or when it may distort the true and fair view of the total remuneration accrued by the director.

<b>Explain the other remuneration items</b>
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There are no remunerations other than those listed above, without prejudice to explanatory Note four in section E of this Report regarding the fees received by the executive Chairman for his directorships in the Company's subsidiaries.

- A.13 Explain the actions taken by the company regarding the remuneration system in order to reduce exposure to excessive risk and align it with the long-term goals, values, and interests of the company, including any reference to measures provided to ensure that the remuneration policy takes into account the long-term results of the company, measures establishing an appropriate balance between the non-variable and variable components of remuneration, measures adopted with respect to those categories of personnel whose professional activities have a significant impact on the company's risk profile, recovery formulas or clauses for clawback of bonuses based on performance based on data which subsequently proves to be manifestly misstated, and measures taken to avoid conflicts of interest, where necessary.

<b>Explain measures taken to reduce risks</b>
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The current Deferred Annual Variable Remuneration System (linked to the Strategic Plan 2016-2018) described in section A.4 links the payment of bonuses to the meeting of targets set each year and the beneficiary's continued employment in the Group at the date of payment established for those incentives, except in cases of (i) death or disability of the beneficiary or (ii) takeover in the Group or a similar corporate operation or any other extraordinary circumstance which may, in the board's opinion, materially affect the System.

The general conditions of the System include an adjustment clause whereby the Board of Directors of Ebro Foods, S.A. will adopt such resolutions as may be necessary to ensure that in any event or corporate operation or other extraordinary circumstances that might affect the calculation of deferred remuneration payable, the gross remuneration will be equivalent to the remuneration that would have been payable had that circumstance not existed.

The System also includes a clawback clause whereby the Board of Directors of Ebro Foods, S.A. may require directors to repay all or part of any deferred bonus paid under the System when it considers such amounts to have been unduly paid, either because the amounts paid under the System do not correspond to the degree of fulfilment of the required targets, or because they were calculated on the basis of data subsequently proved to be misstated.

Finally, as indicated earlier, the System is structured in such a way that the deferred annual bonus corresponding to any of the years within the Strategic Plan 2016-2018 will be paid 11 months after being determined (after checking the degree of fulfilment of the targets), so by the time they are paid, a reasonable time will have passed, enabling greater certainty as to the accuracy of the financial information used to calculate the bonus.

## **B REMUNERATION POLICY FOR FUTURE YEARS**

Repealed

## **C OVERALL SUMMARY OF APPLICATION OF THE REMUNERATION POLICY DURING THE REPORTING PERIOD**

C.1 Give a brief description of the main features of the structure and pay items of the remuneration policy applied during the reporting period, indicating the individual remuneration accrued by each of the directors listed in section D of this report, and a summary of the decisions adopted by the board for application of those items.

<b>Describe the structure and pay items of the remuneration policy applied during the year</b>
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a) Remuneration of directors as such:

The annual fixed allocation to the directors for their statutory share in the profits in 2017 was:

- members of the Board, a total sum of 1,909,846.84 euros
- members of the Board Committees, a total sum of 818,206.35 euros

Attendance fees for meetings of the Board of Directors of Ebro Foods, S.A. and Committees amounted to 272,000 euros.

This notwithstanding, both the total amount of the share in the profits and the sums payable as attendance fees are subject to approval at the Annual General Meeting 2018.

The total sum to be received by the Board members in 2017 as their statutory share in profits is equal to that paid in 2016. Nor was there any change in respect of previous years in attendance fees.

b) Remuneration of the Chairman of the Board as executive director for performance of his executive duties:

The sums received by the Chairman of the Board in 2017 for his executive duties were, in accordance with his contract, as follows:

- Fixed remuneration: 1,027,384.59 euros
- Annual variable remuneration: 1,015,985.00 euros
- Deferred annual variable remuneration: 484,675 euros corresponding to 2015 and paid in 2017
- Termination benefits: none were paid during the period and none are anticipated in the foreseeable future.

See section E, explanatory Note four, for the attendance fees received in 2017 by the Chairman of the Board as member of the Board of a subsidiary in the Ebro Foods Group (quantified in section D.1) and in an associate company.

The Board of Directors approved the above items and amounts assigned to them upon proposal by the Nomination and Remuneration Committee.

It should be remembered that although Herculanz Investing Group, S.L. is recognised as an executive director, it has never performed executive or management duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, has received no remuneration for such duties. The reasons for its classification as executive director are explained in sections A.4, A.7, C, D.1 and explanatory Note one in section E of this Report.

## D INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Accrual period 2017
AUGUST OETKER	Proprietary	From 01/01/2017 to 01/06/2017
JOSÉ ANTONIO SEGURADO GARCÍA	Independent	From 01/01/2017 to 16/02/2017
ANTONIO HERNÁNDEZ CALLEJAS	Executive	From 01/01/2017 to 31/12/2017
DEMETRIO CARCELLER ARCE	Proprietary	From 01/01/2017 to 31/12/2017
ALIMENTOS Y ACEITES, S.A.	Proprietary	From 01/01/2017 to 31/12/2017
BELÉN BARREIRO PÉREZ-PARDO	Independent	From 25/01/2017 to 31/12/2017
FERNANDO CASTELLÓ CLEMENTE	Independent	From 01/01/2017 to 31/12/2017
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	Independent	From 01/01/2017 to 31/12/2017
CORPORACIÓN ECONÓMICA DELTA, S.A.	Proprietary	From 28/06/2017 to 31/12/2017
MERCEDES COSTA GARCÍA	Independent	From 01/01/2017 to 31/12/2017
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	Proprietary	From 01/01/2017 to 31/12/2017
JAVIER FERNÁNDEZ ALONSO	Proprietary	From 25/01/2017 to 31/12/2017
GRUPO TRADIFÍN, S.L.	Proprietary	From 01/01/2017 to 31/12/2017
HERCALIANZ INVESTING GROUP, S.L.	Executive	From 01/01/2017 to 31/12/2017

D.1 Complete the following tables regarding the individualised remuneration of each of the directors (including the remuneration for the financial year for executive duties) accrued during the financial year.

**a) Remuneration accrued in the reporting company:**

**i) Remuneration in cash (thousand euros)**

Name	Salaries	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration as members of Board Committees	Termination benefits	Other items	Total 2017	Total 2016
ANTONIO HERNÁNDEZ CALLEJAS	1,027	279	23	1,016	485	168	0	0	2,998	3,093
DEMETRIO CARCELLER ARCE	0	210	30	0	0	201	0	0	441	410
ALIMENTOS Y ACEITES, S.A.	0	140	18	0	0	0	0	0	158	144
BELÉN BARREIRO PÉREZ-PARDO		140	22	0	0	34	0	0	196	0
FERNANDO CASTELLÓ CLEMENTE	0	140	29	0	0	42	0	0	211	230
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	0	140	22	0	0	38	0	0	200	196
CORPORACIÓN ECONÓMICA DELTA, S.A.	0	82	10	0	0	0	0	0	92	0
MERCEDES COSTA GARCÍA	0	140	22	0	0	41	0	0	203	90
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	0	140	14	0	0	0	0	0	154	146
JAVIER FERNÁNDEZ ALONSO	0	140	22	0	0	167	0	0	329	0
GRUPO TRADIFÍN, S.L.	0	140	29	0	0	67	0	0	236	13
HERCALIANZ INVESTING GROUP, S.L.	0	140	18	0	0	28	0	0	186	13
AUGUST OETKER	0	58	8	0	0	0	0	0	66	146
JOSÉ ANTONIO SEGURADO GARCÍA	0	23	5	0	0	30	0	0	58	317

**ii) Share-based remuneration schemes**

**iii) Long-term saving schemes**

**b) Remuneration accrued by company directors for directorships in other group companies:**

**i) Remuneration in cash (thousand euros)**

Name	Salaries	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration as members of Board Committees	Termination benefits	Other items	Total 2016	Total 2015
ANTONIO HERNÁNDEZ CALLEJAS	0	0	5	0	0	0	0	0	5	5

**ii) Share-based remuneration schemes**

**iii) Long-term saving schemes**

**c) Summary of remunerations (thousand euros):**

This should include a summary of the amounts of all the remuneration items contemplated in this report accrued by directors, in thousand euros.

In the case of long-term saving schemes, indicate the contributions or allocations made:

Name	Remuneration accrued in the company				Remuneration accrued in group companies				Total		
	Total cash remuneration	Amount of shares awarded	Gross gain on the options exercised	Total 2017 company	Total cash remuneration	Amount of shares delivered	Gross gain on the options exercised	Total 2017 group	Total 2017	Total 2016	Contribution to saving schemes during the year
ANTONIO HERNÁNDEZ CALLEJAS	2,998	0	0	2,998	5	0	0	5	3,003	3,098	0
DEMETRIO CARCELLER ARCE	441	0	0	441	0	0	0	0	441	410	0
ALIMENTOS Y ACEITES, S.A.	158	0	0	158	0	0	0	0	158	144	0
BELÉN BARREIRO PÉREZ-PARDO	196	0	0	196	0	0	0	0	196	0	0
FERNANDO CASTELLÓ CLEMENTE	211	0	0	211	0	0	0	0	211	230	0
JOSE IGNACIO COMENGE SÁNCHEZ-REAL	200	0	0	200	0	0	0	0	200	196	0
CORPORACIÓN ECONÓMICA DELTA, S.A.	92	0	0	92	0	0	0	0	92	0	0
MERCEDES COSTA GARCÍA	203	0	0	203	0	0	0	0	203	90	0
EMPRESAS COMERCIALES E INDUSTRIALES VALENCIANAS, S.L.	154	0	0	154	0	0	0	0	154	146	0
JAVIER FERNÁNDEZ ALONSO	329	0	0	329	0	0	0	0	329	0	0
GRUPO TRADIFÍN, S.L.	236	0	0	236	0	0	0	0	236	13	0
HERCALIANZ INVESTING GROUP, S.L.	186	0	0	186	0	0	0	0	186	13	0
AUGUST OETKER	66	0	0	66	0	0	0	0	66	146	0
JOSÉ ANTONIO SEGURADO GARCÍA	58			58	0	0	0	0	58	317	0
<b>TOTAL</b>	<b>5,528</b>	<b>0</b>	<b>0</b>	<b>5,528</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>5,533</b>	<b>4,803</b>	<b>0</b>

D.2 Describe the relationship between the remuneration received by the directors and the company's earnings or other performance indicators, explaining how any variations in the company's performance may have had a bearing on the variation in directors' remuneration.

As explained elsewhere in this Report, the directors' remunerations for their duties as such are linked to the Group's results (since the maximum share in profits stipulated in the articles is linked to the consolidated earnings of the Group). Similarly, the annual variable remuneration (both ordinary and deferred) of the Chairman of the Board as executive director for his executive duties is linked to the development of the Group.

D.3 Report the outcome of the advisory vote at the annual meeting on the annual remuneration report for the previous year, indicating the number of votes against, if any:

	Number	% of total votes
<b>Votes cast</b>	119,174,527	100.00%

	Number	% of total votes
<b>Votes against</b>	31,939,941	26.80%
<b>Votes for</b>	87,230,658	73.20%
<b>Abstentions</b>	3,928	0.00%

## E OTHER INFORMATION OF INTEREST

If there are any material aspects relating to directors' remuneration that could not be disclosed in other sections of this report but that are necessary to provide a more comprehensive and fully reasoned picture of the remuneration structure and practices for the company's directors, describe them briefly.

### EXPLANATORY NOTE ONE ON SECTIONS A.3, A.4, A.7, C AND D.1 OF THIS REPORT

As mentioned in sections A.3, A.4, A.7, C and D.1 of this Report, although Heralianz Investing Group, S.L. is classified as an executive director, it has never performed executive duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, has received no remuneration for such duties.

Heralianz Investing Group, S.L. is classified as an executive director because the person representing it on the Board of Directors of Ebro Foods, S.A. is an executive of one of the Group's subsidiaries.

### EXPLANATORY NOTE TWO ON SECTION A.1

Article 22 of the Articles of Association mentioned in section A.1 of this report is transcribed below:

"Article 22: Directors' emoluments

Remuneration of the Board members for their duties as such shall consist each year in a share of up to 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 company's net profit and after setting aside such sums as may be necessary to meet the legal reserve requirements, fund any reserves that may be established in the articles of association, pay shareholders the minimum dividend established in prevailing legislation and meeting all and any other priority assignments required by law. The general meeting shall determine the percentage applicable within the maximum established in this article. The board shall distribute the aforesaid sum among its members each year.



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

The maximum amount of the annual remuneration for all the directors as such shall be approved by the general meeting and shall be maintained until a modification is approved.

The directors' emoluments shall in any case be reasonably aligned with the importance of the company, its economic situation from time to time and the market standards of comparable companies. The remuneration system established shall focus on promoting the long-term yield and sustainability of the company and shall contemplate such precautions as may be necessary to avoid excessive exposure to risk or rewarding unfavourable results.

The remuneration policy for directors shall comply with all applicable provisions in the articles of association on the remuneration system and shall be approved by the general meeting at least every three years as a separate item on the agenda.

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 on the terms established by the board of directors in accordance with the remuneration policy for directors in place from time to time. The relationship between the company and its executive directors shall be set down in a contract, which must be approved by the Board in the manner and with the majorities stipulated in law.

In addition and independently of the emoluments contemplated in the preceding paragraphs, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares of the company or any other companies in its group although the use of those remuneration systems shall be decided by the general meeting in the form, terms and conditions stipulated in law.

If executive directors waive the share in the profits to which they are entitled for their duties as directors, the sums that would correspond to them as a share in the company's profits will not be distributed among the remaining directors."

Similarly, Article 41 of the Regulations of the Board mentioned in section A.1 of this report is transcribed below:

"Article 41: Directors' emoluments

41.1. Remuneration of the Board members for their duties as such shall consist each year in a share of up to two and a half per cent (2.5%) of the consolidated profits attributable to the company. This sum may only be taken from the company's net profit and after setting aside such sums as may be necessary to meet the legal reserve requirements, fund any reserves that may be established in the articles of association, pay shareholders the minimum dividend established in prevailing legislation and meet all and any other priority assignments required by law. The general meeting shall determine the percentage applicable within the maximum established in this article. The board shall distribute the aforesaid sum among its members each year.

41.2. Directors will also be entitled to a fee for attending meetings of the governance bodies of the company, the amount of which will be established every year by the general meeting.

41.3. The maximum amount of the annual remuneration for all the directors as such shall be approved by the general meeting and maintained until a modification is approved.

41.4. The directors' emoluments shall in any case be reasonably aligned with the importance of the company, its economic situation from time to time and the market standards of comparable companies. The remuneration system established shall focus on promoting the long-term yield and sustainability of the company and shall contemplate such precautions as may be necessary to avoid excessive exposure to risk or rewarding unfavourable results.

41.5. The remuneration policy for directors shall comply with all applicable provisions in the Articles of Association on the remuneration system and shall be approved by the general meeting at least every three years as a separate item on the agenda.

41.6. Regardless of their legal relationship, directors with executive duties in the company will be entitled to remuneration for the performance of those duties on the terms established by the board of directors in accordance with the remuneration policy for directors in place from time to time. The relationship between the company and its executive directors shall be set down in a contract, which must be approved by the Board in the manner and with the majorities stipulated in law.

41.7. In addition and independently of the emoluments contemplated in the preceding paragraphs, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares of the company or any other companies in its group although the use of those

remuneration systems shall be decided by the general meeting in the form, terms and conditions stipulated in law.

41.8. If executive directors waive the share in the profits to which they are entitled for their duties as directors, the sums that would correspond to them as a share in the company's profits will not be distributed among the remaining directors."

**EXPLANATORY NOTE THREE ON SECTION A.4**

The annual variable remuneration of the executive Chairman for performance of his executive duties, described in section A.4, accrues according to the following rules:

(i) If the targets are fully met (100%), an annual variable remuneration equivalent to 100% of the fixed remuneration is paid.

(ii) If the targets are exceeded, the annual variable remuneration may be increased to no more than 150% of the fixed remuneration. So if targets are met in a proportion of over 100%, the ordinary annual variable remuneration will be increased in the same proportion up to a ceiling of 150% of the fixed annual remuneration.

(iii) If the targets are not met, the annual variable remuneration will be reduced in proportion to the percentage fulfilment (under 100%) achieved, with a floor of 85%, no ordinary annual variable remuneration accruing at or below that percentage fulfilment.

(iv) As an exception considering special dedication by the executive Chairman in the performance of his executive duties and a temporary situation in the company or group, the board may, upon recommendation by the Nomination and Remuneration Committee, decide to raise the variable remuneration of the executive Chairman to the maximum limit established for his fixed remuneration.

**EXPLANATORY NOTE FOUR ON SECTIONS C.1 AND D**

The sum of attendance fees 2017 corresponding to Antonio Hernández Callejas indicated in section D.1, b) and c) include those received as director of Pastificio Lucio Garofalo, S.p.A. (company in the Ebro Foods Group) in a sum of 5,000 euros.

In 2017, the Chairman of the Board also received 5,200 euros in attendance fees from the associate Riso Scotti, S.p.A., in which Ebro Foods, S.A. has a 40% interest.

See explanatory Note one above regarding Heralianz Investing Group, S.L.

This annual remuneration report was approved by the board of directors of the company at its meeting of 21/03/2018.

State whether any directors voted against or abstained in connection with the approval of this Report.

Yes  No

Name of board member(s) who did not vote for approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons
ALIMENTOS Y ACEITES, S.A.	Abstention	Concepción Ordiz Fuentes, representing the corporate director Alimentos y Aceites, S.A., abstained from voting on this report, declaring that the Board of Directors of SEPI (controlling shareholder of Alimentos y Aceites, S.A.) decided on the vote of SEPI as shareholder of Ebro Foods, S.A.

**The English version of this document is purely informative.  
In the event of any discrepancy between the Spanish and English versions of this document, the Spanish version will prevail.**